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NOMINATION

HEARING

BEFORE THE

COMMITTEE ON LABOR AND HUMAN RESOURCES UNITED STATES SENATE

NINETY-NINTH CONGRESS

FIRST SESSION

ON

WILLIAM EMERSON BROCK III, OF TENNESSEE, TO BE SECRETARY OF LABOR, DEPARTMENT OF LABOR

APRIL 23, 1985

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NOMINATION

TUESDAY, APRIL 23, 1985

U.S. SENATE,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The committee met, pursuant to notice, at 9:30 a.m., in room SD-430, Dirksen Senate Office Building, Senator Orrin Hatch (chairman) presiding.

Present: Senators Hatch, Kennedy, Hawkins, Metzenbaum, Grassley, Pell, Nickles, Thurmond, Stafford, Simon, Wallop, Dodd, Kerry, and Quayle.

OPENING STATEMENT OF SENATOR HATCH

The CHAIRMAN. We are happy to call this committee to order, and Mr. Ambassador, it is a distinct honor for this committee today to consider the nomination of William E. Brock as Secretary of Labor.

Bill Brock has dedicated over two decades of his life to public service. He began his distinguished career representing the citizens of the Third District of Tennessee from 1962 to 1970. He then represented the State of Tennessee as a colleague of ours in the Senate from 1971 to 1977. And for the last 4 years, he has earned worldwide respect as this country's Trade Representative.

In the interim, between 1977 and 1981, when he was not in formal public office, Ambassador Brock devoted his considerable energies to rebuilding the Republican Party. Although the Constitution does not mention political parties, they nevertheless have served a valuable and indispensable role since the inception of the Republic.

Through the party system, the will of the American people is articulated, the competing demands of constituents are reconciled, and consensus is forged. Thus, the country owes Mr. Brock a debt of gratitude for helping to invigorate the political process.

I think Bill Brock is especially qualified to be Labor Secretary. He was a Member of Congress during the development and passage of some of the country's most significant labor laws, including the Civil Rights Act, amendments to the Fair Labor Standards Act, ERISA, various employment and training programs, and various workers' compensation laws. He thus has an understanding of the special circumstances which led Congress to pass and amend these laws.

Moreover, Bill has gained an impressive reputation as a careful listener and conciliator. I was heartened to read that AFL-CIO President Lane Kirkland "welcomed" his nomination—think an

impressive endorsement from one with whom Bill has sometimes not agreed.

Anyone who is privileged to be Secretary of Labor faces great challenges in this day and age. The Department's historic mission, as first defined by Congress in 1913, is still relevant and viable:

> To foster, promote, and develop the welfare of the wageearners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment.

In the succeeding 72 years, Congress has greatly expanded the role of the Federal Government in elevating labor standards, in diminishing labor unrest, and in expanding employment opportunities. Although we are enjoying an unparalleled and vibrant economic recovery, beneficial to all, much still remains to be done. Foreign competition, deregulation, the contraction of our industrial sector and the expansion of the service and high-technology markets—all of these forces present tremendous new challenges to our traditional approaches to job training and assistance.

In the early years of this century, the focus of occupational health and safety was the traumatic injuries caused by railroad trains, boilers, powered saws, and other equipment. These hazards still exist. But overshadowing them today are the concerns over chronic diseases, respiratory illnesses, and cancers brought on by modern-day toxic substances. We are challenged as never before to develop sophisticated programs and controls that can minimize these hazards without an extravagant expenditure of resources.

Finally, I would note the growth of the private pension system. Seventy-five years ago, pensions were rudimentary and offered only on isolated instances. Today, total assets are fast approaching $1 billion providing retirement security for tens of millions of participants. The Department faces an overwhelming job in policing the 650,000 plans covered under ERISA.

I know that Ambassador Brock will face up to the tasks at hand. I am hopeful that the committee can move expeditiously on his nomination, so that he can take the helm without further delay.

Bill, we are happy to welcome you to the committee. We are honored to have you here. We look forward to completing these hearings today and having you take over this very, very important position in our Government at this time—a difficult but important position.

At this point, we will turn to Senator Metzenbaum.

Senator METZENBAUM. Thank you, Mr. Chairman.

Mr. Chairman, the Secretary of Labor-designate is well-known to most members of this committee. Bill Brock has a long and distinguished career in public life. His credentials are impressive. He served as a Member of the House of Representatives, a Member of the Senate, head of the Republican Party, and most recently, as U.S. Trade Representative. He has earned a reputation as an excellent organizer, administrator, and manager. And I am heartened by the depth of the nominee's experience, because frankly, he will need it.

The Department of Labor presents a challenge worthy of your talents. The place is both literally and figuratively in a shambles. This is the Department of Labor. This is the Department that os-

tensibly is the spokesperson and the advocate for working people in this country. But the entire Department, a mammoth agency, has been on hold for almost 8 months, and the backlog is nothing short of staggering. It seems that the only decisions that have been made there recently have been decisions to do nothing.

In addition, what the Department does manage to do is often shortsighted and inconsistent. Take, for example, the vital area of employment. The Job Training Partnership Act is the centerpiece of the administration's employment and training policy. But on the eve of the program's implementation, the administration tried to cut its funding by 30 percent.

Presently, we will be spending more money on a pair of aircraft carriers than we do on the whole job training program in this country.

The Job Corps is a successful program, serving unemployed youth. The administration wants the Job Corps abolished. They say they will transfer Job Corps responsibilities to JTPA—but they do not say how they intend to do that and simultaneously cut JTPA by $800 million.

On Federal supplemental compensation, the President stated that, quote:

> We believe that the place now is for people who are having problems, in our job training program, particularly job training directed at those who have to be relocated because something has happened to the industries that they formerly worked in.

The President was talking about the Dislocated Worker Program under JTPA. Shortly after he said that, however, he asked Congress to rescind $119 million from that very program.

You can talk all you want about programs and what we are going to do for displaced workers, and retraining workers, but if the net result is to cut the funding, the effectiveness is going to be that much less.

The administration wants to cut the minimum wage for teenagers. It is called the Youth Employment Opportunity Wage Act. And I want to say that I congratulate those who come up with the names, because the names are good. The program is not so good.

The only opportunity offered by this proposal will be for employers. It probably ought to be called "the McDonald's and Wendy's and Burger Chef Opportunity Act" because it gives them the opportunity to drive down the wages of young people and the adults we describe as the working poor. There is not a single scrap of evidence that cutting that wage will alleviate the tragic level of youth unemployment.

And when we look at the whole area of pensions today, it is a travesty, an absolute travesty, that $3 billion has been pulled out of those pensions, and the Federal Government, which ostensibly had some responsibility in that area, the Labor Department and the Pension Guaranty Benefit Corporation, have shifted the responsibilities back and forth, and when the Internal Revenue Service came along and said you could not do some of the things they were doing to pensions and really, pulling hundreds of millions of dollars out of those programs, and the Cabinet Council decided to step back and not to intercede and said, Hands off and the Treasury Department reversed their position.

Let's not kid ourselves. Those decisions have to do with the opportunity for fair pensions of those workers who have given their lives to their employers. One of the worst cases was the German company that came in and bought A&P and, by terminating the pension fund, took out of it about as much as they paid for the whole company, the whole A&P Co. Company after company—when Occidental bought City Service, they terminated the pension plan and took out about $400 million. When Time, Inc., bought the Washington Star, they terminated the pension plan. We had witnesses before our committee, almost with tears in their eyes, telling us how many years they had put into the service of the company, and they thought that the plan was nonterminable, and they wound up finding that it was nonterminable, but it did not say it was nonamendable. So they amended it so that they could terminate it, and then they terminated it, and people suffered as a consequence.

Now, before this administration assumed office, a principal purpose of our pension laws was to ensure that employers lived up to their pension promises—but not any more. This administration unfortunately has pursued a course that encourages employers to terminate healthy pension plans.

On the one hand, the Department of Labor concludes that workers are losing 45 cents on each pension dollar promised; but on the other, officials are attending seminars—the officials themselves are attending seminars—across the country for corporate executives, promoting the termination of healthy pension plans.

It is a situation that cries out for change, but all the Labor Department has been willing to do is to promise more study, and more study, and more study. You have an opportunity because there are two openings—the PBGC and in the Labor Department—where, I hope, Mr. Secretary, as I told you in a private meeting, that you will move in on this issue. It cries out for direction, and leadership, and fairness, and equity.

In safety and health, I am tempted to describe the present Occupational Safety and Health Administration as a joke—except that there is nothing funny about it. In the last 4 years, OSHA has rolled back existing standards, stalled new standards, cut enforcement, and moved to limit workers' rights under the law. They have done exactly the opposite of that which is their statutory responsibility.

Leadership at OSHA, first under Thorne Auchter, and now under Robert Rowland, has gone from bad, to worse, and worse. And OSHA has fallen so far behind that it would take years to catch up. And in the meantime, 25 workers are dying on the job each day.

I can, in fact, summarize the situation at OSHA with a single instance—the recent refusal to issue a field sanitation rule for farmworkers. This is truly, truly a shameful decision, and I hope, one that will be quickly reversed.

I have taken the time to recite this list because I want the Secretary of Labor-designate to be fully aware of the concerns that I and others in the Senate have in this area. The problems you must address are tremendous. Almost 8.5 million people are out of work in America. In many States, the jobless rate is pushing 10 percent.

Youth and minority unemployment is much higher. The President is fond of saying that more people are working now than ever before. Frankly, I don't think he would say that in my State. In Ohio, there are 54,000 fewer people working now than in 1979. And when we appeal to the administration or one of the departments to help where there are special areas of unemployment, such as Youngstown, OH, what do we get? We get nothing but a rebuff and a kind of callous indifference.

Mr. Secretary, as I told you before, I expect to vote for your confirmation, and I hope that we can work together in the months and years to come to address these very urgent issues. The challenge is a great one, but I feel confident that you have the ability, and the courage, and the will to do that which is so much needed in this field.

Thank you, Mr. Chairman.

The CHAIRMAN. Ambassador Brock, welcome to the committee. You will find that members of this committee generally never cease to fail to make their political points that they feel deeply about.

Because Senator Thurmond is chairman of the Judiciary Committee and needs to go to another hearing, we will turn to him at this time.

Senator THURMOND. Mr. Chairman, it is indeed a pleasure today to receive testimony on the nomination of Ambassador William E. Brock to be Secretary of Labor and Human Resources. Having known Bill Brock for some years now, and having had the pleasure of serving with him in the Senate, I am familiar with his credentials. In my judgment, he is eminently qualified to serve in this high post to which President Reagan has nominated him.

Ambassador Brock has had a distinguished career which includes service in the U.S. Navy, business experience in the private sector, and 18 years' combined service in the U.S. House of Representatives and the U.S. Senate.

Ambassador Brock has most recently demonstrated his talents and knowledge in serving since 1981 as U.S. Trade Representative.

Ambassador Brock, a native of Chattanooga, TN, is a graduate of Washington & Lee University in Virginia. He has been awarded several honorary degrees, the most recent of which was a doctor of laws bestowed upon him in 1984 by the University of South Carolina, which is located in my home State. He has been a visiting professor at that outstanding institution since 1981.

Mr. Chairman, I look forward to reading the testimony we will receive today from this able gentleman, as I shall have to leave for another engagement. I am sure that the committee will act favorably on his nomination.

Before leaving, I want to read one question to Senator Brock, and he can answer for the record.

As you know, Ambassador Brock, I have had a longstanding interest in the issue of employment service for our Nation's veterans. I authored legislation which created a Deputy Assistant Secretary for Veterans Employment and authored the bill that established the position of Assistant Secretary for Veterans Employment and Training.

As Secretary-designate, I would appreciate your views on the role and importance of that office within your agency. Specifically, how do you perceive the mission and function of the Veterans Employment and Training Office short- and long-term goals?

Please include your views on any changes you are contemplating that would further the goals of that office.

I will send that question down to you. If you will kindly answer that for the record, I will not take any more of the committee's time. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Thurmond.

We will turn to the ranking minority member, Senator Kennedy.

Senator KENNEDY. Thank you, Mr. Chairman.

My colleague from Rhode Island, Senator Pell, has to be at another meeting, so I will yield to him at this time.

The CHAIRMAN. I would be happy to do that.

Senator Pell.

Senator PELL. Thank you very much indeed, Mr. Chairman.

I am very glad to be here I am just sorry that other commitments prevent my staying with you all morning. I am very glad to welcome our former colleague and very able colleague, Ambassador, Senator Brock, with us. I feel that he will be filling a very real vacuum in the Labor Department. For the last several years, it has been plagued with really a lack of leadership, a vacuum there, and Mr. Brock, with his ability and intelligence and tact, I know will do a good job in filling that.

I have one problem that is very much on my mind, and I have discussed it with Mr. Brock. It concerns all of us in the Northeast, I think, and that is the question of the fate of the Boston office, the regional office. I would hope very much that you would recognize the real harm and damage that this would do to our part of the country if that office is closed and moved down to New York. In distance, it may not look so far in western terms or in southern terms, but in terms of hardship on people, it is a very real harm. For this reason, I would hope very much indeed that as a result of your study, you would keep the office in its present form. And I will be submitting some questions for the record, to which I would appreciate a reply.

In addition to that, there will be some questions for the record concerning the technology transfer and things of that sort.

Thank you.

The CHAIRMAN. Thank you, Senator Pell. Any subsequent written questions and responses will be inserted in the record at the conclusion of testimony.

The CHAIRMAN. Senator Hawkins.

Senator HAWKINS. Good morning, and welcome to the Labor Committee.

I am pleased that we are meeting to expedite your confirmation. I have been friends with Bill Brock for many, many years, and I think his career is a textbook example of how Americans should serve their Government—he has firm resolve in the face of adversity.

I just completed a study of the Labor Department, where the stinging attack on the Department is the charge that the administration has no coherent labor policy.

The attack did not come from my colleagues across the table; it is found in the Heritage Foundation's "Mandate for Leadership II." Whether or not that assertion is fact, I am confident that you are going to be able to take charge of that Department.

There are so many things happening in the labor force today. I think we need to look at the question of how and why our labor base is shifting. We need to get a firm grasp, as we move toward the next century. There are myriad statistics, but what do they really tell us?

In 1963, 49 percent of the gross domestic product was generated in the service sector. Today, that figure stands at 57 percent. Over the same time, the manufacturing sector's share of GDP has fallen from 28 to 21 percent.

Almost every week, there is another article in the newspaper or in news magazines about the shift from an industrial to a service/information society, and there are other forces at work that affect the working men and women of this country. And as that structure of the economy changes, families are picking up and moving to other regions of the country. That is a fact. It is not news. The South and the West continue to be the fastest growing sections of the country. Florida has 5 of the 10 fastest growing metropolitan areas in the country. In 1982–83, 42.4 percent of the people moving from one region of the country—some of my colleagues have already moved—to another, moved to the South.

We hear a gnashing and weeping and wailing and wringing of hands about what to do about the Midwest and the Northeast. The fact and the reality of the question is that people are already doing something about it. Families pack up, get in the car, and move to the South and the West, the Far West. About 25 people an hour move to Florida to make it their permanent home; 20,000 people a month are moving to Florida to get jobs and to live in the style they would like to become accustomed to.

The nature of employment is changing, as well. I watched Senator Garn this morning talk about space. And we talk today about people working in space; that is a reality, and I think you have to address that in your Department.

There are many issues that are going to come before this committee in the next 4 years, but I would just like to mention one thing. The administration is mentioning abolishment of the Job Corps, and I think we can do some other things rather than abolish a program that works. We need to look at more jobs for our young people. This committee has wrestled with that question for the last 5 years, and we need to continue to work on those things.

I am looking forward to working with you as the new Secretary, providing leadership for probably one of the most important departments we have today in Government, and I have a list of questions I will submit to you for the record, if time permits.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Hawkins.

We will now turn to Senator Kennedy.

Senator KENNEDY. Thank you very much, Mr. Chairman.

I, too, want to congratulate Mr. Brock, commend the President for making this nomination. This is, I think, a continued addition to a very illustrious career in the service of the Senate of the United States and as distinguished Ambassador. And I want to indicate at the outset my very strong desire to work with the Secretary. I am sure we will have areas of some difference, but I think all of us who understand the importance of this Department in terms of protecting the working conditions and the lives of men and women in this country, in all different aspects of the employment situation, understand the importance of this Department, and I think all of us are impressed by the desire of Mr. Brock to ensure that this Department fulfill its mandate and provide the kind of leadership in that Department which I think he has demonstrated his ability to be able to do in other responsibilities.

I would, Mr. Brock, like to just take 5 minutes of the committee's time to mention the areas that I would like your response on. I will submit other areas. I know we have tried to divide up some of the areas which we all have interest in. But I do think it is important for this hearing to review with you for the record two areas—one on the OSHA standard priorities, and the second on the questions of youth employment, because I do think these are two areas which have been poorly managed, quite frankly, by the Labor Department over the period of the last 4 years, and it is a matter of enormous importance to the millions of people who are affected by the failure of action. And if I could, I will just go over here, to these particular charts.

As you remember, Mr. Brock, we had Mr. Auchter here before the committee in 1981. At that time, he had the responsibility for the implementation of various health care priorities.

This list, which I have on this chart, is the list he indicated would be the No. 1 priorities, No. 1 areas for the issuance or promulgation of health standards.

Of these items here, in the red, we would see that there was either a failure to issue those standards, or the standards which were ultimately issued were not of the same strength as those that were at least in existance or pending prior to the time that he assumed that responsibility.

Two that were actually issued were arsenic, which all then that had to be done was to actually implement it, and the second one was the health hazard communication, which basically reaches the question of the worker's right to know. And 19 States, including my own, had very effective right to know standards, and there were many, and I think the case has been well-stated that the reason for putting that out was to preempt the States from having very strong and effective action.

The second chart was his second list. He said after we finish the first list, we will get into these areas which we feel are of primary importance. Again, we find that the only one that was actually issued, new one, was ethylene oxide. All of the other actions, with the exception of asbestos, which was as a result of various court orders, there was failure to take any kind of action at all on these particular items.

One thing, as you might remember, in 1983, the Department asked for a review, asked NIOSH for a review, of the existing

health standards, and NIOSH came back with a letter, which I think you are familiar with, that indicated there were 51 items which ought to be addressed and upgraded because of the changing of technology and the change in the use of various kinds of items. And those 51 different items affect, as I understand it, some 40 million workers in this country. So this is a matter of enormous importance to the safety of the workers of this country. There has been enormous conflict between OMB—you have seen your Department reduced in terms of the personnel that work in this area, significantly, over the period of the last 3 years. There has been conflict between the departments, at EPA. And we are expecting that you are going to be be able to make important progress in all of that.

Now, with regard to the various enforcement provisions, we have here the decision that was made by the Department—at least I am all for targeting, given the limited resources. We have found that the administration has used the standard that if a particular industry is below the national average, then it will not require the kind of investigations. This does not mean that there have not been reviews by the Department in the chemicals, but that is a basic standard, as I understand it, in terms of targeting. So we have basically eliminated the whole chemical industry, with all the implications that common sense have on that. Perhaps the workers are not losing their jobs, but the implications over a longer period of time—one thing we have learned is that the implications in the chemical industry are profound, and in many cases, are a time bomb that we are not familiar with, as we are in some of the other manufacturing.

I know the administration claims that as a result of their policy, that there has been a reduction of the injury rates. As you are familiar, many of those who have reviewed that prefer to believe that the reduction is a slowdown in the economy more than an indication of the success of the administration, and now we are seeing that come back up again.

We would like you to review that whole policy matter, because it has very profound implications.

I will just take another couple of minutes. So at least I would hope you will review the process and procedure for issuing of the regulations and also for the protection of the various industries.

Just one other point—and I hope in the question period rather than through my comments, that you will respond to this. These are figures that I know you are familiar with, and if you follow those lines out, I think you will find that they are virtually identical between black and white youth. There is a very, very significant disparity at this time, 42 percent, 23 and 16 percent, white.

I think that the more significant chart is perhaps this one, because that only measures those individuals who are actually looking for jobs. This indicates where the employment really is today. You have virtually one out of two youth who want to work, who are able to find it. Here it is one out of three, with regard to Hispanics; in blacks, it is only one out of five. That, I think, is a much more revealing statistic and figure than just the percentages, which often all of us use.

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This is a chart indicating the decline of the various programs that are targeted primarily to youth unemployment. The last year of the Ford administration, $2.1 billion requested; this year, 1.4, and this is not even corrected for inflation, so it is really much more dramatic. Included in this, obviously, is the Jobs Corps. I welcome the fact that Paula Hawkins and others have spoken to that. I am sure you are familiar with the telegram of President Reagan just about a year ago, when he talked about:

> Your vital program that has provided hundreds of thousands of deprived youth with basic educational and vocational training, to prepare them for their future in the workplace. This is in keeping with the American spirit of helping others to reach their full potential. Signed, Ronald Reagan.

This is in support of the 20th anniversary of the Job Corps.

I would just say that the matter with which I think you will have a great deal of difficulty in this committee is that the administration's real response in this area is the use of minimums.

We have seen in the various experimental programs in youth training here, where we have provided full wages for the youth, full wages for the youth, and you still could not get the industry to take them. Primarily, we have found over the history of this committee, it is because they do not have the education and training. The Job Corps provides that. I think, as we have looked at the Youth Partnership Act, which Senator Quayle and I have worked on, that that is an important ingredient, and in evaluating the effectiveness of that program, you will find out that that is an essential aspect.

So I hope you will work with us in trying to address this issue and the previous issue.

I thank you for your time, and I hope during the course of the questions you might be able to address them.

Thank you.

The CHAIRMAN. Are you through, Senator Kennedy?

Senator KENNEDY. Yes; I know you always like to hear me. [Laughter.]

The CHAIRMAN. Last time I interrupted Senator Kennedy, he got very upset at me, and of course, I do not like to see that ever happen.

Senator KENNEDY. We get into this jibber-jabber every week. [Laughter.]

The CHAIRMAN. We will turn to Senator Stafford at this time.

Senator STAFFORD. Thank you very much, Mr. Chairman.

Echoing what Senator Kennedy said, Mr. Brock, I am glad for the country that the President had the good sense to nominate you, and I am glad for the country that you are willing to take another tough job on. Having known you since we served in the House together and in the Senate together, and watched you in your other responsibilities, I have faith that you will do a very good job as Secretary of Labor.

I am not going to make any further remarks at this time. I have a few questions I would like to submit in writing, if I may, in order to conserve the committee's time this morning. I believe you will be a very successful Secretary of Labor.

The CHAIRMAN. Thank you so much, Senator Stafford.

The CHAIRMAN. We will turn to Senator Nickles at this time.

Senator NICKLES. Thank you, Mr. Chairman.

I will just echo the comments of my colleagues in welcoming Bill Brock before this committee. As Ambassador, former Senator, and Congressman, and particularly as a businessman, I am pleased with the President's recommendation and really delighted that you accepted it. I think, as you could hear from some of my colleagues' comments, it is going to be a difficult job. There are many challenges before us. Many have mentioned youth unemployment and some of the problems that we may have with OSHA.

Other problems that I have briefly mentioned to you deal with ERISA, PBGC, the unfunded liabilities, potential unfunded liability that can be increased substantially if another large company should terminate.

I look forward to working with you, and hopefully, we will be able to find resolutions to some of these problems. They have been around here for about 4 years now, and I hope that we will be successful this year.

Again, my compliments, Mr. Brock, to you for your willingness to take on another, as Senator Stafford said, very difficult job. Being Trade Ambassador was one of the more difficult jobs, but I think being Secretary of Labor is also a real challenge. I am sure you are up to that challenge, and I am pleased you are going to be the new Secretary of Labor.

The CHAIRMAN. Thank you, Senator Nickles.

We will turn to Senator Grassley at this time.

Senator GRASSLEY. Mr. Chairman, Ambassador Brock, I am going to submit a short statement in support of the nominee. I would like to say that we all knew 4 years ago that his services as a Congressman, a Senator, and as a leader of our party were ample evidence that he would fulfill the necessary requirements to be a successful trade representative, and he has done well in that area. I expressed to him over the phone the fact that there is still a lot of work undone in the area of trade policy and that we are going to miss his expertise. But we know that he will meet this new challenge, and we welcome him to it, and know that when his term as Secretary of Labor expires, he will leave the people who work with him with the feeling that he has done his very best.

The CHAIRMAN. Thank you, Senator Grassley.

We will now turn to you, Mr. Ambassador, for any statement you care to make at this time.

STATEMENT OF HON. WILLIAM E. BROCK, U.S. TRADE REPRESENTATIVE, NOMINATED TO BE U.S. SECRETARY OF LABOR

Ambassador BROCK. Thank you, Mr. Chairman.

I want to begin by expressing my gratitude for your own very gracious and thoughtful comments and for the comments that have been made by the members of this committee. You have afforded me an adequate challenge for the coming responsibility.

I have met briefly with most of you during these past few weeks and am aware of the concerns you have expressed today and in our private conversations, the issues which I think affect all of us and are of concern to all of us.

In the coming months, I will need to rely upon you and the staff of this committee, and your counterparts in the House, in charting a course for the future of our labor programs and policies. There is much I will need to learn, and I look forward to a close working relationship with all of you.

I am encouraged and gratified by the willingness to work together exhibited in our private meetings and in today's conversations.

Let me admit from the start that we are facing some very difficult challenges as a Department and as a nation. Our American work force, beset by years of high inflation, a deep recession, and ever-increasing competition from abroad, has had its pride dented a bit. Now it is time, I think, for that pride in ourselves, in our capabilities and potential, to be fully restored.

In recent years, we have demonstrated to the rest of the world that we have the tools and the will to adapt to changing global economics. Our economy has performed extraordinarily well during the last decade in terms of creating 21 million new jobs for the surge of young people and women and immigrants who entered the labor force. Nineteen eighty—four saw our best economic growth performance since 1951.

And, characteristic of American ingenuity, we have seen the results of some innovative and successful State/local/business/labor partnerships. Minnesota and North Carolina have financed large electronics research centers; Ohio has established a fund to help high-technology companies and to retrain workers; California, in cooperation with the UAW and General Motors, recently launched a program to help 8,400 unemployed automobile workers find new jobs.

The labor community itself deserves considerable credit for the bold steps it has taken in recent years to institute procedures to reduce absenteeism and increase productivity. Such cooperative efforts on the part of works have saved jobs and better prepared us for future cooperation and competition. In all of my travels over these past 4 years, in my present responsibility, I have seen no labor movement so dedicated to freedom and free enterprise as our own.

There is no nation in the world that has made such a strong recovery from the global recession of the 1970's. One need only look to our neighbors in Europe to see the stark differences in our systems, our results, and our futures.

But serious problems persist in the United States that call for creative solutions. The gains we have made in recent years must not make us oblivious to the fact that America's labor force must participate more in the growing world economy. Not to do so will doom us to persistent unemployment, pervasive mismatches between skills and opportunities, and a lower standard of living. Even with the jobs we have created in recent years, one out of every three American workers depends on his or her livelihood, directly or indirectly, on American industries that are threatened by surging international competition.

Our future depends upon individual citizens—people with specific skills, working at specific jobs. Our prosperity as a nation and our place in the world economy ultimately depends on the value of the work Americans can do.

To be competitive worldwide, we must give our workers the tools and skills so that they can produce competitive goods and provide competitive services.

This means holding onto our technological edge, where we have it, and gaining that edge where we do not. Technologies are being developed today so quickly that Government barriers and controls cannot keep pace with them—nor should they. We must recognize that Americans will gain and maintain the competitive edge while increasing their real wages only with flexible, productive, innovative industries.

This is not to say that high-technology sectors should be our sole direction. It is true that even if America were to adapt itself single-mindedly to flexible or high-tech production, there still would be routine jobs to be filled by relatively unskilled workers. Not everyone is interested in or capable of maintaining precision machinery or developing software. But among the millions of Americans who are either locked into dead-end jobs or unemployed altogether, there are vast numbers whose latent talents and untapped capabilities for learning could be put to far more productive use.

In gaining back that pride in ourselves as a nation of competitive workers, we must pay particular attention to peoples' work environment, incentives, and benefits. How we feel about what we do, where we work, and what value others place on our labors all go into determining the effectiveness and efficiency of our performance.

Members of this committee are all too aware of the labor problems facing America today. We still have not devised an adequate solution to the chronic unemployment among minorities and dislocated workers. We still face the fact that our pool of unskilled workers continues to increase, while at the same time, the pool of jobs for unskilled workers is declining. Women have yet to see the full measure of their talents recognized in the marketplace. Too many young people have yet to break the vicious cycle of inadequate skills causing inadequate opportunity. And in particular, the rate of unemployment among young blacks is a continuing national tragedy.

Internationally, in a world of fierce competition, we have learned that closing our borders to foreign competition only results in redistributing unemployment.

Domestically, we know that new funding will be in short supply for many years to come. These two facts will necessitate new, creative ideas for the future—by this committee, by the Congress and by the Department of Labor. We will need to look throughout the Nation to publicize the programs and partnerships that are working at the State, local, or even company level, and to examine how we at the Federal level can augment these results.

Mr. Chairman, I plan to review all the Department's programs, with the goal of making them work better—not just as individual units, but together. The Department's various programs and mandates should complement one another, not duplicate or negate each other.

My door will always be open to labor, business, and Members of Congress to share ideas and to listen to advice. It is my intention to meet regularly with the leadership of both the Senate and House

Labor Committees, as well as with representatives of American labor and business. If we are to find workable solutions to some of our current problems, we will need to arrive at those solutions together. And I pledge to you that my office will practice that philosophy.

We can only conquer our current unemployment, plan for the future, continue to be competitive, and enjoy economic growth to the extent that we harness the energies and ideals of all our citizens. But enlarging our economy and competing successfully against foreign-made goods are far less valuable achievements if they are not accompanied by the creation of more jobs in growing, future-oriented American industries. Creating jobs that will adapt, grow, and last should be our first objective.

The social justice we seek for our country's workers must not be at the expense of our national economic health; rather, it represents the means for maintaining that healthy prosperity.

We should not underestimate the magnitude of the task before us. It will not be addressed in a matter of months, or even years Ultimately, the prospects for our success depend on how we resolve many of the choices and questions that lie before us. We must face the difficult issues of adjustment, reinvestment, retraining, maintenance of an open trading system, and restructuring our tax policy. If we do, our American standard of living and our place in the world economy will continue to ascend and improve.

Mr. Chairman, as the U.S. Trade Representative, I have had the opportunity to travel throughout the world and to see the factories and farms of many different nations. I can tell you unequivocally that we will be successful in our efforts because we have the best educated, most talented, most dedicated, and freest work force in the world.

I look forward to working closely with the committee on the crucial task that lies ahead.

Thank you very much.

The CHAIRMAN. Well, thank you, Ambassador Brock.

We are so happy to have you before this committee. We are excited about this opportunity for you.

I am going to turn to Senator Simon for just a minute, and then I will turn to Senator Wallop, our last two Senators, and then we will move to some questions.

Senator SIMON. I thank the chairman for yielding.

The Secretary-designate will understand that as a freshman, I have some housekeeping chores over on the floor, and I simply want to go on record as saying I think the President has made a superb appointment, and I look forward to working with the Secretary, and I think it can be a very constructive Labor Department under his leadership.

Ambassador BROCK. Thank you very much, Senator.

The CHAIRMAN. Thank you so much, Senator Simon.

Senator Wallop.

Senator WALLOP. Mr. Chairman, I too just want to tip my hat to Bill Brock. I have known him as a friend, as a colleague, as a professional, and as a variety of things, and have admired him as U.S. Trade Representative. And I do not underestimate the task that you undertake here—I notice in your statement that you do not,

either—and I would just suggest that the task has magnitude by reasons of a national privilege of an advancing economy in a changing society. The time to worry is when we have no task, and I suspect that that will not be for a long time to come, with the kinds of policies that you will bring and the kinds of policies that have instituted an economy and a society in which Americans, above all the people in the world, really have an incredible chance to advance and improve their lives.

I look forward to working with you.

Ambassador BROCK. Thank you, Senator. So do I.

The CHAIRMAN. Thank you, Senator.

We will operate under a 10-minute rule. Let me begin by just asking a few questions, Mr. Ambassador. I realize that you have been engaged in an ongoing process over the past month, acquainting yourself with the operations of the Department and the issues of the current moment, and I am sure you understand much remains to be done. You have had some indication from Senator Kennedy, Senator Metzenbaum, and other here today of concerns that they have, legitimate concerns.

But I am wondering whether you have begun to formulate in your own mind a list of immediate priorities, and if you have, could you share with the committee what you think those priorities are, and further, the timeframe which you have developed to implement action on those particular priorities.

Ambassador BROCK. Just very generally, Senator, I think the first priority is to try to indicate to this Department that it is peopled with good people, and people who care about this country, and the effective implementation of the laws that the Congress has passed. To the extent that I can contribute to the restoration of a sense of direction and morale then I would try to do that.

In terms of issues, we have both addressed, I think, those issues of greatest immediate consequence—the overall health of the economy; the creation of jobs, which includes items maybe not directly related to labor, but certainly have an effect, and that is issues such as tax policy, but more precisely, to try to focus the limited resources we have on the key areas that have been identified by the Congress—occupational health and safety, as Senator Kennedy mentioned; the need to address this continuing tragedy of minority unemployment, youth unemployment.

In terms of specific programs, it is a little bit early yet, to be honest with you, to try to tell you that I am allwise; I am not. I have a great deal to learn, and that is the reason I am going to need the support of this committee and the advice of this committee as we proceed.

I think the problems are obvious, and the challenge will be to take a very limited resource base and bring those resources to the maximum focus on the areas of greatest urgency, and that is what we will try to do in the early days.

The CHAIRMAN. Thank you.

There are a number of vacancies at the Department, as well as several appointments, awaiting confirmation. The vacancies include: Assistant Secretary for Labor Management Services Administration; Wage and Hour Administrator; Director of OFCCP;

Deputy Under Secretary for Legislation; Administrator of the Pension and Welfare Benefit Programs.

Do you intend to give priority to filling these vacancies as soon as possible?

Ambassador BROCK. Absolutely, Senator. I am awed. I am moving from a massive bureaucracy of 136 people in the Trade Office to one of 18,500, and I am not so presumptuous to assume that I can manage that number of people without an awful lot of very highly-qualified and motivated talent.

So I think our first task is to go out and recruit the finest possible people that we can to bring to you for your consideration. And we will do that as quickly as we can get through the clearance process, which seems to take a little bit longer than any of us are comfortable with. But as soon as we can get names to you to consider, we will bring them to you, and I hope it will not be long, because I am going to need a great deal of help.

The CHAIRMAN. Thank you.

As part of its November 1984 tax simplification package, the Treasury Department proposed to tax and otherwise place limits on certain employee fringe benefits. Since November, the Treasury Department has continued to revise its package, and it has given no indication of what it will finally propose with respect to taxation of fringe benefits.

I am sure you are aware of the considerable opposition which the Treasury's proposal has sparked, not only among employee representatives, but also among business leaders, and even Members of Congress.

Moreover, I am not sure what input the Labor Department has had in the development of Treasury's proposal. In fact, I doubt that it has had much input, and I think it should have.

Do you know from the transition briefings what role the Labor Department has had and is having in the formulation of the administration's recommendations on pension and fringe benefit policies?

Ambassador BROCK. I do not, but I have talked, both in my trade capacity and in this prospective capacity in the labor area, talked to the former Secretary of the Treasury and the present Secretary, Jim Baker, both with the point that the tax proposal that you will consider this year will have enormous effect on our ability internationally to compete in the world economy, and on the American work force. And I expressed a very strong interest in the opportunity to work in the development of that plan.

The CHAIRMAN. Have you had any preliminary reaction to the taxation of fringe benefits, and do you think that their taxation would be inimical to the private fringe benefit system that this country has developed?

Ambassador BROCK. Senator, I apologize. My focus, frankly, has been on the international trade implications, and I have put my emphasis there. I have not gotten precisely into the subject and am not sufficiently comfortable with my knowledge to comment.

The CHAIRMAN. I think that is fair. Could we have your assurance, though, that under your leadership, the Department of Labor will assert itself actively in the formulation of the administration's final position in these areas—I am personally concerned about this.

Ambassador BROCK. We will actively try to do that.

The CHAIRMAN. OK.

Now, considerable controversy was generated recently over the decision of the Occupational Safety and Health Administration not to issue field sanitation procedures. This came after 13 years of study and litigation, and I am sure OSHA's decision will invite further litigation on that issue.

Are you familiar with that issue, and do you intend to reconsider that decision?

Ambassador BROCK. I am familiar mostly with press accounts and with some of the internal decision briefing papers that were provided to me in preparation for this hearing.

To say that I am fully familiar with the issue simply is not accurate; I am not. But I have talked to a number of you and your colleagues on this committee on the subject, and I can simply say that I will review this and all other decisions actively, as soon as I am confirmed.

The CHAIRMAN. Thank you.

The Occupational Safety and Health Administration has been the target of criticism, as you know, over its inspection and its enforcement policies. For example, the Office of Technology Assessment recently described OSHA policies as having, "further reduced an already weak regulatory effort."

In addition, for the last several years, OSHA has fallen short of its own estimates with respect to the number of health and safety standards, both proposed and finalized.

Now, do you sense at this point that insufficient attention and resources have been committed by the Department toward promoting workplace health and safety?

Ambassador BROCK. That is a hard question to answer, Senator. I really do not think that I am qualified to judge what may have gone on in the past. It seems to me that the allocation of resources is a matter of congressional mandate, as well as an administration decision. If we have a law—and we do—which requires that we be conscious of and effective in trying to improve worker safety and health in the workplace, then we have got to devote the resources necessary to achieve that goal that the Congress has given us. And I will try to do that.

The CHAIRMAN. OK. In 1981, Congress enacted legislation which had, of course, at that time promised to overcome once and for all the solvency problems plaguing the Black Lung Benefits Trust Fund. Recently, the committee has been informally advised by the Department that the trust fund has been encountering severe insolvency. It is expected to grow worse so that, by the year 1995, the fund will be in debt to the Treasury for over $8.5 billion; and, by the year 2005, the indebtedness will have spiralled to over $21 billion.

We understand that the Department is developing legislative proposals to deal with this problem, and obviously, the need for action is real, and I think we would have to say it is urgent.

The 1981 bill was my bill. I was trying to resolve these problems, and we were promised that if we wrote it this way and did it this way, that it would resolve these problems.

Now, if you know—and this question is pretty technical, and it may be a little difficult for you, so do not feel that I am putting you on the spot—but can you tell us the status of the Department's proposal, when you expect something might be submitted to Congress, and can we, with your assurance, make this a priority item, because it is clearly a very serious set of problems.

Ambassador BROCK. It obviously has to be true that it is a priority item, Senator. I frankly think that the matter is sufficiently complex that it is going to require the participation of labor and industry leaders in the achievement of a solution.

You cannot simply raise the taxes without considering the economic effects of such an increase in the price of a very competitive product. It seems to me that in this kind of a setting, both labor and management have a vested interest, as do we in Government, in assuring the solvency of this particular program. But you have also got to achieve that solvency in a way that does not create an insolvency on the part of the industry and throw a lot of people out of work. And it is obviously going to be a very complicated and difficult process to work out.

I will commit to you to treat it as a priority and to sit with management, labor, and other experts, and with the Congress to try to find some solution to the problem. But it seems to me that we are caught in a trap that a lot in the energy field have been caught in in recent years, and that is the fact that all of the estimates that were made by people on both sides, 4 or 5 years ago, simply have been proven invalid. We are using less energy; we are conserving more; we are being more effective in the utilization of energy. Consequently, the price of oil, instead of qoing from $30 or $40 up to $50, has gone down, and there is more competition in the field, and that has made it more difficult to produce alternative sources. And I do not know when that is going to change, but it probably will not be in the near term. In the medium term, I think it clearly will change, but for now, we are facing a very tough competitive situation.

The CHAIRMAN. We are. Well, my time is up, and I will yield to Senator Kennedy.

Senator KENNEDY. Thank you very much, Mr. Chairman.

I, too, want to say, Mr. Secretary, that I hope you will be involved with Secretary Baker in the formulating of that fringe benefit position of the administration. As I understand it, Secretary Baker plans to make a recommendation in May——

Ambassador BROCK. That is correct.

Senator KENNEDY [continuing]. And the administration has indicated that it wants action on its program. We know that the initial formulation evidently was not acceptable to the President. The Treasury has kept this matter very close to its vest, as to what it is going to recommend. But I share the feeling of our chairman, that it is extremely important that on this issues, which make a great deal of difference to the working people of this country, that you are going to have an input, and that you would be willing to come back here to this Committee and indicate whatever position is eventually accepted by the administration about what its implications are going to be for the working men and women of this country.

So I want to just underline the importance of that consideration.

Ambassador BROCK. Thank you.

Senator KENNEDY. I reviewed with you—or at least, I reviewed—the failure of the health standards by the Department over the period of the past 4 years. And I would like some indication from you here now that you will review that whole policy.

Ambassador BROCK. Absolutely.

Senator KENNEDY. And also, on the Safety Inspection Program, if you would review that program.

Ambassador BROCK. Yes, I certainly will.

Senator KENNEDY. And particularly with regard to the high-hazard chemicals.

You are probably familiar, Mr. Secretary, in your work as the Special Trade Representative, that the British and the EEC have been working on this question about the high-hazard chemical questions. And Great Britain and also the EEC have promulgated very interesting regulations there. They are comprehensive, and I think it might be of some value if you had someone in your own Department take a look at those and perhaps visit with some of those who are working on similar issues in Britain and in the European Community, because they have a lot of the same problems, a lot of the same concerns, and I think it might be of some value, as you are giving this review.

There has been reference to the OTA study, which was requested by Congressman Dingell, and which we also would join. Senator Hatch and I are members of that board, and they have spent a lot of time in the preparation of that report. I have not had a chance to review it in detail. I have seen the summary that has been prepared by the staff, but I would just flag that as well for your own reference.

Beyond this, if we could go to the youth employment issues. I know we have talked in my office about this issue, in terms of the youth employment.

I would just like to give you an opportunity to be able to express your own concerns about this question in terms of as a national problem. I know you have not had an opportunity to examine both the existing programs. I think the statements that have been made here with regard to the Job Corps, the evaluation of the Job Corps, and also the present President's past support for the program, I think is revealing.

But I would just like you to speak briefly about your own concern about the youth unemployment in this country.

Ambassador BROCK. Senator, I have been working in this area, in various capacities, for better than 20 years. It is a matter of enormous interest and concern to me.

We really have not found any perfect answer. I just met yesterday with Ben Hooks to talk about the particular problems that the NAACP has recognized in its work. I met a couple of days before that with Andrew Bremmer, who has done some remarkably thoughtful work on minority unemployment. I have talked to a number of experts in other institutions—AEI and Brookings—in an effort to see where we can do a more effective job.

It seems that we have not yet really found any perfect answer. Part of it lies in the family; part of it lies in the schools; part of it

lies in our Adult Education Programs; part of it lies in effective antidiscrimination enforcement; part of it lies in attitude. And obviously, part of it lies in Government programs that can draw resources to a focus on a particular individual who has this problem.

I think the important point is that when you have, as you noted on your chart, 15 or 16 percent of all of our young people unable to find jobs, and you have almost three times that number, 43 percent, of our black children unable to find jobs, or in this case, as you point out, four out of five without work, it is a situation that is simply intolerable to this country and unsustainable. If we allow it to continue, it will create a permanent underclass that will deny everything that this country stands for.

You have to find a better way to deal with it. And it simply is not going to be a matter of the Federal Government. It is going to be a collective effort: Business, labor, local, State, national. But it should be, in my judgment, a significant national priority for the foreseeable future, and to the extent that I can work on that, I will try to do that.

Senator KENNEDY. Thank you.

You will certainly find a number of us here on the committee who look forward to working with you.

My time is running short, and I would just like to reference again the study that has been made by the GAO of the Department, which basically shows that it is a department with enormous problems—I think that would be a generous characterization of it.

I think it might be of some value just to have that report included in the record. I am not as interested in what has happened in the past—all of us on this committee are very aware of that—but what is going to happen in the future, and what is going to happen in the future in these health regulations, in these safety standards, and also in the basic administration of that Department, which has enormous implications.

I think in the earlier comments in a brief statement, you indicated that you thought that was an area of enormous priority. I do not know if you want to elaborate on that, but I just want you to know that those of us on this committee are not only aware of the GAO study, but have also felt that report in a very significant way, because of the failure of the Department to be able to meet its responsibilities.

I do not know if there is anything in addition that you want to mention on that. My time is up.

Ambassador BROCK. Only to say that in one sense, I feel very fortunate, because people have been paying attention to the problem. Studies have been made that are thoughtful, and that do suggest some courses of action that could result in improvement—the OTA study that you mentioned, the GAO study, and others have done the same thing.

What I would like to do is to try to get those people in, either talk to them directly or have them talk to our core group, and help us to shape it in a fashion to achieve the maximum degree of efficiency.

I think the same point applies to the regulations you mentioned that they are issuing in Europe and in Great Britain. The one thing I have found in this job in the last 4 years is that we have a

lot to learn from other countries, and there is no reason not to try to grab that and take advantage of the experience of others in improving our own performance.

Senator KENNEDY. Thank you, Mr. Brock.

Mr. Chairman, if I could, I would like to submit other written questions for the record. I have no further questions, and I look forward to working with you, Mr. Brock.

Ambassador BROCK. Thank you, Senator.

The CHAIRMAN. Thank you, Senator Kennedy.

Senator Nickles.

Senator NICKLES. Thank you, Mr. Chairman.

Ambassador Brock, I mentioned to you earlier about the unfunded liability that the PBGC now has. Do you know the current status of how much that is? I used the term, right at $500 million. I did not know if you had a more accurate figure.

Ambassador BROCK. I think it may be higher than that now, Senator. We have had a couple of bankruptcies that at least threaten a significant increase in that liability. It was slightly less than $500 million when I started talking about this job; it may have gone up by a few hundred million since then.

But it is a serious problem, and it does have to be dealt with fairly quickly.

Senator NICKLES. There is some discussion or some contemplation that there may be a termination by the steel companies that might increase that unfunded liability upwards of $100 million to $200 million.

Ambassador BROCK. That is one of the instances I was referring to.

Senator NICKLES. The administration has proposed to us, or requested, legislation—and I believe it is in their budget figures—increasing the premium on single employers from $2.60 to $7.50. Would the $7.50 figure be adequate with those additional terminations, and if you do not have that figure, could you provide for the committee what premium amount would be necessary to amortize the unfunded vested liability over a period of 10 or 15 years?

Ambassador BROCK. That is hard to answer, Senator. If in fact there is no change in the present governance of the system, the $7.50 probably would not be enough. In other words, it seems to me, in my limited conversations with people who know far more than I on the subject so far, that it is going to take some reforms of the system and some increase in premium, both to deal with the unfunded liability. But even the $7.50, as you have noted, will not immediately correct the problem. That would take 10, 15, or 20 years. And much will depend upon our ability to write law and enforcement regulations to follow that would allow this system to be actuarially sound. And it must be. We cannot leave this system untended. You have the obligation of the U.S. Government behind these pensions, and we simply cannot leave our workers exposed without dealing with the problem.

Senator NICKLES. I appreciate your statement. I would echo or give strong support to your statement of the need for some reforms in addition to this premium increase. I will strongly back you in this area.

Ambassador BROCK. Thank you.

Senator NICKLES. I also would encourage you to try and fill the gap of PBGC Director as rapidly as possible.

Ambassador BROCK. We shall do so.

Senator NICKLES. I am assuming that you are probably aware of the very large problem that we have with the multiemployer plans and the withdrawal liability. Are you vaguely familiar with that?

Ambassador BROCK. Yes, I am. Senator Metzenbaum and others have mentioned it to me, as well as yourself.

Senator NICKLES. I will just let you know there is a large problem. It will be one, in my opinion, that will take a legislative remedy, and I am not sure exactly what that legislative remedy is. Senator Hatch, I, and others have worked on it. It is a difficult challenge. If people are interested in providing or protecting pensions, and also interested in the health of the economy and in the multiemployer industry, whether it be the trucking industry or other industries, there needs to be some reform or else employers will not participate in these multiemployer plans. Then you will have, basically, a freezing of the participants and by attrition, fewer and fewer participants in these plans, which is not healthy for the employer, and it is not healthy for the employees or participants of the multiemployer plans. I think we do need a remedy on that. I can tell you, for those companies that are involved, this is a very serious problem. They cannot sell their business, trade, or move. It is a very restrictive problem, and many times, we have found the withdrawal liability is actually greater than their net worth. It is a very significant problem, and I hope you will have that included on your multi list of challenges before us.

Ambassador BROCK. I will.

Senator NICKLES. You mentioned youth unemployment and how it would be addressed several times in the discussion with Senator Kennedy. I did not hear you make any specific recommendations. I understand the challenge.

Do you think it should be against the law for a person who is 16 years old to sack groceries for $2.50 at the neighborhood grocery?

Ambassador BROCK. Don't pin me down on the precise dollar amount, but I do not think it ought to be against the law for someone who has the capacity and is at an age to be able to enter the work force to be able to work. And I think we do have to find an answer to the question that is facing these young people who, for a variety of reasons, have dropped out of school, and then have neither the skill nor the opportunity to acquire the skill. It seems to me they are caught in a catch-22. They go to an employer, and the employer asks, "Where have you worked?"

They say, "Well, I have never worked anywhere."

And then, "Why should I hire you, because you have no skill that would make it worthwhile for us to hire you. We can hire somebody that does have the skill."

So unless they get that beginning level skill, they never get the beginning opportunity. And somehow, we have got to break that cycle.

Senator NICKLES. Do you think what is usually referred to as the "youth differential" or whatever, some exception to the minimum wage law that would allow individuals to work for less than the minimum wage, would be an alternative?

Ambassador BROCK. Yes, I do. I am sensitive to the concerns that have been expressed by those who do not want it to be a subversion of the minimum wage. I am sensitive to those who suggest that you have got to be careful that it does not displace existing workers. But it seems to me that we ought to try and find answers to these concerns, because they are fair concerns, they are legitimate expressions of concern.

But having sought answers to those problems, we have still got to address the fundamental question, what do you do about these young people who do not have jobs and cannot get them. And if this can contribute to that in a very limited fashion, then to me it is worth the effort. I do not believe that it is the sole answer to the youth unemployment problem, but I think it could be a part of an answer that is worth trying.

Senator NICKLES. I would agree with that. I think for those potential problems you mentioned such as displacement and the others, that we could put some caveats or fines or whatever, to make sure that does not happen.

But I am just recollecting from personal experience that I, for one, did work for less than minimum wage. I think there are several jobs that minimum wage has excluded—pumping gas, sacking groceries—a lot of things that the present minimum wage law denies people the opportunity to work. That is unfortunate.

I have one other comment, and I will bring it up because the State of Oklahoma just recently increased the threshold to the prevailing wage statute, on the so-called Davis-Bacon statutes. The present Federal threshold is $2,000. On anything dealing with Federal construction over $2,000, it is mandated basically that your Department come up with what they determine as prevailing wage to dictate for that Federal construction project.

The State of Oklahoma had a similar law, and they increased that threshold to $600,000; in other words, they exempted contracts for less than that amount. Do you think it would be appropriate for us on the Federal level to also reassess and examine that $2,000 threshold, which was set in 1935, and to increase that threshold?

Ambassador BROCK. Senator, I am certainly willing to look at any suggestion. It think it is fair to point out that the President has said that he does not support the repeal of Davis-Bacon, nor does he support the partial repeal of it, and it would be within the context of his own personal commitment that I would look at that question.

The CHAIRMAN. Senator, your time has expired.

Senator NICKLES. I thank the chairman.

I look forward to working with you on that issue and others.

The CHAIRMAN. Senator Pell.

Senator PELL. Thank you, Mr. Chairman.

Mr. Secretary, we discussed before this question about the Boston Regional Office, which is of acute importance in our area. What is the exact status of the proposal to eliminate that office?

Ambassador BROCK. I think the request is before the Congress——

Senator PELL. Excuse me. Would you pull the mike a little closer? Thanks so much.

Ambassador BROCK. Well, I cannot move it. I will slide up. I speak lower when I am not sure of my answer, Senator. [Laughter.]

I am not sure where it is. I thought it was in the form of a rescission request but I am not positive about that.

Senator PELL. When do you think you will be able to focus on it? As I say, I do mean to press this point, which may seem small, but it is of real significance to our State and our area. When do you think you will have a view on it?

Ambassador BROCK. As soon as you give me the opportunity to sit in the chair, Senator, I will get right on it.

Senator PELL. And do you have any view with regard to the matter at this time? As you know, this is of interest not only to us, but Senators Hatfield and Packwood and Eagleton. We all have some interest in it and the impact of the application of this regulation or this decision on them.

Ambassador BROCK. Senator, your own staff has raised an interesting question to me about the economic logic of the move. And it was such a thoughtful question that I suggested a willingness to take a look at it and to be sure that the economic merits are, in fact, justifiable, and to come back to you with an answer as quickly as I can do that.

Senator PELL. I would thank you, because it has caused great concern. I am not thinking of the individuals who are working themselves, but I am thinking of the impact on the labor force, the working force which, as you know, in our part of the country is an older force. Our economy is not as vibrant as other parts of the country, and we need assistance. And to see the regional office—which had its problems in the past, as you well know, or as you probably know, but which are now being resolved—taken away at this time would be a body blow to our people.

Ambassador BROCK. Anyone who thinks Rhode Island is not as vibrant as some other places did not see your attorney general on "60 Minutes" the other night. I have rarely seen anybody quite so vibrant.

Senator PELL. We are vibrant, but our industry is not quite as vibrant as our people.

Ambassador BROCK. I understand that, Senator. I think the bottom line policy for me will be determined by the fact that we are given laws to administer as best we can by the Congress. It is my job, if I am given this responsibility, to do precisely that. I cannot do that job unless I am sure that we are meeting both the congressional mandate and the mandate of a limited budget. We have to establish the priorities to achieve the maximum degree of effectiveness with the resources that we have.

But if there is an inability to meet the standards that you have set for us, then we have to keep those resources focused where they will do the work, and I will look at it in that sense.

Senator PELL. Thank you very much. In this regard, we will be closely following your decision.

Now, on another subject, another thought, is this question of the new training technology and training the dislocated people. As you know, I have brought in some legislation in this regard.

I was wondering what your own views were in connection with using computer-assisted instructional programs to assist some of

these almost structurally unemployed people and the unemployed youth that Senator Kennedy has pointed out.

Ambassador BROCK. I am fascinated by the opportunities that we have with some of the new technologies. The Department of Defense, Senator, as you yourself have noted, has done some remarkably interesting work in moving skills up at a faster rate by the application of training technology, and it seems to me that any step we can take to take some of those things we may have learned in defense and translate it out to the larger economy would be very helpful.

Senator PELL. In this regard, I believe you are familiar with my Training Technology Transfer Act. Do you see the Department of Labor being able to support that Act?

Ambassador BROCK. I am not able to state what the position might be yet, Senator. I am just not that familiar with it and how it might fit with the other programs. But I certainly will take a look at it and try to give you an answer.

Senator PELL. I would hope you would and that you would let us know where you feel that that proposal falls short, and I would like to try to work with you in developing a compromise that would move in this direction.

Ambassador BROCK. I would welcome the opportunity to do that.

Senator PELL. Thank you very much, and I, too, look forward to voting for your nomination.

Ambassador BROCK. Thank you, Senator.

The CHAIRMAN. Thank you, Senator Pell.

We will turn to Senator Metzenbaum at this time.

Senator METZENBAUM. Mr. Brock, we know of Director Rowland's decision with respect to killing the worksite toilet, drinking water and handwashing facility, that is, the regulations in connection with it. Without making it a policy matter, I am sure you are familiar with it—it is not a very implicated issue—either you have regulations requiring worksite toilets and drinking water and handwashing facilities, or you do not.

Do you personally agree that OSHA should not have any provisions at all with respect to requiring such facilities?

Ambassador BROCK. The way you phrase your question, you make it extremely difficult for me to say anything other than "Yes" or "No," and I am going to try to avoid saying "Yes" or "No."

Senator METZENBAUM. All right—as long as I understand whether it is "Yes" or "No" by the time you have finished you answer. [Laughter.]

Ambassador BROCK. Well, if I gave you a "Yes" or a "No," it would be misleading, because I just am not willing yet to make a final decision on that. A long, long time ago, I did some migrant work, if you might want to call it that, scooping some wheat out in Senator Nickles' State and some others. I have been out there as a young person, and I have seen some of this, but not in the context of today's migrant worker economy. I really do have a lot to learn about the subject, and I can only express a commitment to do that and to review these sorts of decisions expeditiously.

Senator METZENBAUM. I am really not asking you what the department will do. I am more asking you whether—don't you think

that migrant workers, working out in the field, ought to have toilet facilities, and don't you think they ought to be able to have clean drinking water, rather than have contaminated water? Don't you think that they ought to have someplace to wash their hands?

And you know, you might not think there ought to be a regulation, and you might say, "Well, I think all of those things should be right, but I do not think the Government should do it." But I am just sort of wondering whether you personally do not think there ought to be such facilities for migrant workers or any workers.

Ambassador BROCK. Yes, I do.

Senator METZENBAUM. On the PBGC issue, the pensions and terminations, as you know, I brought this up with you when we met. But I am concerned about the fact that the Office of Pension and Welfare Benefit Programs is now planning to close offices in New York, Philadelphia, Atlanta, Chicago, Kansas City, and San Francisco. It just seems to me that, from what we have heard from the employees involved who have contacted our office, they were told by Labor Department officials that there would actually be no budget savings from the closings, and that the closings are taking place to reduce enforcement efforts. And they have indicated that the transition team has approved the closings.

First, are you aware of this situation?

Ambassador BROCK. Very generally, but I am certainly not aware of any approval of any transition team, and I am quite confident that I have not made a decision, because I have not been faced with the full display of facts on the subject.

Senator METZENBAUM. Well, Mr. Ford B. Ford wrote to us on March 19 saying just that, that no final decisions have been made at this time, but seems to indicate that it is moving in that direction.

Can we have your assurance that you will personally attempt to determine whether there is any reason to close the local offices, because I think we would all agree that it is more difficult to obtain effective enforcement from a central location in Washington than it is when you have offices in some of these regional areas.

Ambassador BROCK. You have that assurance, Senator.

Senator METZENBAUM. Now, I have before me the "Pensions and Investment Age" which indicates, "$1 billion in the third quarter, asset reversions soar; oil plan terminations just tip of the iceberg," April 15, 1985; "amount of recaptured pension assets expected to reach $3 billion by 1984," February 18, 1985.

I am truly concerned that these pension funds are going to be out the door—and they are flying out at an unbelievable rate at the moment—and the Government is sitting by and saying, "Well, it is something we will study."

I do not know that I am right. I have never even said that I have an absolute answer. I am not really as concerned as Senator Nickles is that employers will not be a party to these pension programs. I am convinced that as a Government official, I, in the legislative end, and you, in the executive end, that this Government has a responsibility to quit dragging its feet and, while it makes a determination, I would strongly urge that there be a moratorium—3 months, 6 months, I really do not care. But the policy at this

moment of permitting companies to take billions of dollars out of these funds—you can never get them put back in—that is wrong.

Let me put it this way. I guess I do not even want to say it is wrong. I want to say it is so drastic, so draconian, that the Government has a responsibility to be damned sure that it is right before they permit it to happen. And I would not urge you to come down to any specific result as to what should be done, but I would strongly urge you to say, "Hold the fort. I want to get my feet on the ground. I want to study both sides of this issue, all sides of it, and for 90 days, we are just going to call a halt to these terminations until we decide what policy, if any, we should have." And maybe the policy should be that there be no policy. But I know that the PGBC, the Labor Department, and the Internal Revenue Service were moving in the direction—I know that the Cabinet Council was saying maybe we ought to do something—and I do not think there is any doubt it was a political decision before the election: Step back; do not get involved.

Now, I would ask you, as one of your earliest steps, to look at the issue and to make only one determination—should we impose a moratorium. And it is easy to do. There is no problem about doing it. If you need legislation, I am sure we could pass legislation for a moratorium as long as in the interim, nothing happens.

I would ask you if you would not almost immediately, upon being confirmed, decide whether or not a moratorium is or is not appropriate, and to let me and the other members of this committee know.

Ambassador BROCK. I will look at that question, Senator.

Senator METZENBAUM. I appreciate that.

On the minimum wage issue—well, before I do that, I would like to talk for a moment about the administration of the NLRB, which has lately come under extreme criticism. And as a matter of fact, a report of the Labor Management Relations Subcommittee in the past Congress stated bluntly that labor law has failed, and many unions have called for repeal of the law, or indicated they will cease to file charges with the Board.

I have had considerable experience in this before I came to the Senate, both as an employer as well as a union lawyer. And it is my firm belief that if you do not have an effective National Labor Relations Board, that you will have much more labor strife in this country; that if you were to wipe out the Board immediately, that the only resort that unions would have would be to hit the picket line. And I do not think that is in the best interest. I think that if you have a procedure where you can get a majority of the employees to vote for you, you can get certified as being the collective bargaining agent.

I wonder if——

The CHAIRMAN. Senator, your time has expired.

Senator METZENBAUM [continuing]. Whether or not you might give some attention to that issue?

Ambassador BROCK. I will, Senator. The NLRB is not under the direct jurisdiction of the Department of Labor, as you know——

Senator METZENBAUM. No; I know that.

Ambassador BROCK [continuing]. But obviously, we have a very considerable interest in its effective operation.

Senator METZENBAUM. I realize it is not.

Well, let me just say in closing that, on behalf of myself and some of my colleagues, I feel rather slighted. I looked over your campaign contributions, and I did not find my name on there. [Laughter.]

The CHAIRMAN. Don't hold your breath, Howard, is all I can say.

Senator QUAYLE. Pass that on down here, Howard. Some of us are very interested in campaign contributions this time around. [Laughter.]

First of all, Mr. Chairman, I would ask unanimous consent to have my statement concerning Secretary Brock inserted in the record. It is a very glowing statement, and I would not want to read it, because he might be embarrassed.

Ambassador Brock. Go ahead. That's all right. [Laughter.]

The CHAIRMAN. Without objection, so ordered.

[The prepared statement of Senator Quayle follows:]

STATEMENT OF SENATOR DAN QUAYLE AT CONFIRMATION HEARING FOR WILLIAM E. BROCK

April 23, 1985

It is a pleasure to be here today to welcome my good friend, Bill Brock, to the Labor and Human Resources Committee for his nomination hearings as Secretary of Labor.

I have known Bill Brock for a number of years, and I have the utmost respect and admiration for him. As a U.S. Representative, a U.S. Senator, the Chairman of the Republican National Committee, and finally as the U.S. Trade Representative, Bill Brock has consistently excelled at his jobs and has maintained a high level of integrity. He will bring to the Department of Labor a commitment to excellence, fairness, and wisdom.

Bill Brock's nomination as Secretary of Labor was well received by most people in Washington, including the labor forces. Let me cite to you a few comments made by labor leaders upon Bill Brock's nomination. United Auto Workers leader Owen Bieber praised Brock as "honorable and fair", which prompted a White House aide to remark, "I knew it would be well received, but I didn't know it would be acclaimed." And finally, AFL-CIO President Lane Kirkland said, "We have worked with (Brock) in many areas over the years. While we have not always agreed, he has earned our respect." We all know we won't always agree on issues, but it is important to know that you are getting a fair hearing and that you are dealing with an honorable person. That is Bill Brock.

As Chairman of the Employment and Productivity Subcommittee, I hope to have many opportunities to work with you on the oversight of the Job Training Partnership Act. During your tenure at the Department of Labor, I believe we need to focus on finding ways to provide the best and most comprehensive training to our youth, adult, and dislocated workers, as well as to ensure their safety and health.

Again, let me express my sincere pleasure with your nomination as Secretary of Labor. I look forward to a constructive and congenial working relationship. Please accept my warm congratulations on your nomination and know that you have my full support.

Senator QUAYLE. Welcome to the committee, Mr. Secretary, and obviously, I have a great deal of interest, as I am sure you do, on seeing the full implementation and effectiveness of the Job Training Partnership Act. I think that one of the key things we can do as we look into a new society and the new era, that the training and employment opportunities are going to be critical in the next couple of decades. And so often, we as a nation pride ourselves—and rightfully so—technological advancements. We develop supercomputers, microchips, or perform heart transplants, launch space shuttles. So often, we forget that there is a human factor, too. I know you are exceedingly sensitive to that. And I would only say that I look forward to working with you on seeing the effective and full implementation of the Job Training Partnership Act. One title of JTPA that I am very proud of is the Dislocated Worker Training Program, which is title III of the Act. Title III of JTPA help to deal with those workers who have no reasonable prospect of returning to their old jobs—whether the cause is a change in consumer demand, technological advances or shifts in the economy.

I think so far, it has gone very well. We have gotten a very positive response from the private sector. Thus far, rightfully so, I think the Department of Labor has taken a basically hands-off approach on the Act, and let's see what happens with the State and local units of government and the Private Industry Councils. One of the principles that drove the JTPA legislation was to decentralized the program.

But now, I think it is probably time that we assess where JTPA is going. I think it is time that we take a fairly assertive role in certain areas where the Federal Government has a degree of interest.

I think as one of our goals, we will want to see continued emphasis on decentralization and on private sector involvment. One area which has suffered from neglect is in the area of establishing good criteria for performance standards.

Performance standards now basically means, just job placement. Job placement is important, and job placement is a performance standard. But I do not want to get into the situation, where the Federal Government uses, as its only performance standard job placement. If we did that, and focused on job placement only, we might just be getting the cream of the crop, and perhaps those people who might be able to get a job, even without our assistance.

Our real challenge is to get to those people that are truly, in many cases, economically disadvantaged, the true structurally unemployed. Therefore, a performance standard might be going from a zero contribution to a small contribution. You may not necessarily get a job placement early on in the program, but at least the individual who has received the training is equipped to get that job, and I think that that is important. As a Federal role, the hands-off policy has been good, and it is something that we want, but I do think in this area, it is time that we look at performance standards from the Department of Labor's point of view, and take a rather assertive, definitive role on how we are going to approach this particular area.

I wonder if you might have just a general response to that.

Ambassador BROCK. Yes, I think that makes a great deal of sense if for no other reason than where you identify people who are doing particularly well, and you can identify the causal factors that allow them to do better, you can use the Federal Government as a transmission device to get that to other States that might not have quite performed up to the same standard.

I think some baseline of standard performance is important in achieving that evaluation.

You know, in the larger sense, Senator, what you are talking about is the need for this country to really face up to the fact that, as Senator Hawkins pointed out in her opening statement, we are in the fastest-changing economy in the world, in the history of the world. And, unless we can make our skills more flexible, more adaptable, more responsive to that changing economic circumstance, we are going to have a lot of human misery out there, and it does seem to me that we can play a constructive role in dealing with that.

Senator QUAYLE. Well, I look forward to working with you to try and establish some sort of guidance on what we really mean in performance standards, youth competency, and other important training issues.

Ambassador BROCK. Good. I would appreciate it.

Senator QUAYLE. Looking at the budget for a moment, I wonder if you have explored any other areas beyond what is already in the budget for potential savings? With $200 billion deficits looming in the future, budget cuts are going to be a necessity, and they are going to be across-the-board. The Department of Labor, and particularly employment training programs, are not a sacred cow; but they have taken a pretty good lick already.

I wonder if there might be some other areas—and one in particular, I wonder if you have taken a look at as far as getting potential savings is on the Federal Employment Compensation Act, the FECA. We looked at this a couple of years ago, the possibility of defining, or at least having some understanding of when a person is disabled and not able to work and not just having a continuation of pay without some sort of certification that the disability continues.

Right now, I think you will find in the law and even in the enforcement of it that there is not this check; and if in fact you did have this check, that there might be some potential savings there. It is not in the budget that we presently have before us. I wonder if you have had an opportunity, or might be willing to look in other areas for some reductions. You might be able to come up with some reductions in other areas.

Has anyone brought this up to you?

Ambassador BROCK. Not really, and I think I would only be willing to express a desire to look at it and work with you on the subject. But I have not had a chance to get into that kind of detail.

I am still trying to fulfill my functions in the Trade Office, and I really have had less time than I am comfortable with in looking at some of those details.

Senator QUAYLE. I just point this out to you, and I would be glad to give you some information that, at least from my viewpoint—and we have done some work on this in the past couple of years. I

think there are some reforms that could take place in that particular program that would translate into some potential savings, and if we get some savings, then we might be able to use this for some of the training programs.

Ambassador BROCK. I would welcome your suggestions.

Senator QUAYLE. Just one other thing that is a long term project for me, and that is, how we can combine our education programs and our employment programs?

We had a hearing, Senator Stafford and I, in 1982, I think it was. We had the two Assistant Secretaries, the Employment Training Secretary from the Department of Labor, and the Vocational Education Secretary from the Department of Education, before us. Their statements were so similar, yet there was absolutely, almost no coordination between the two. They had different constituencies, they had different people they talked to, yet their goals were almost identical. The statements that they put in the record, you could have changed the names, no one would have been able to discern the difference.

So I just throw out the idea that I have kicked around, and sometime later on this year, I may even introduce legislation. The two programs are compatible. We are going to have to look at education as it relates to employment. This has not been done. The programs have different constituencies out there. Each will fight consolidation, I can tell you, but I think that consolidation makes a lot of sense.

The Hudson Institute, which is a new arrival to the State of Indiana, has set up a new Center on Education and Employment. I have been honored to be the chairman of it, and Chuck Robb from Virginia is going to be the vice chairman. We are exploring along these lines of getting some consolidation.

Ambassador BROCK. I really could get excited about that conversation. I think it is a fundamentally important thing for us to look at—and I do not understand why we do not have closer coordination now—if we do not, we certainly should. There are so many programs within this Federal Government that could be synergistically operated with one another to maximize the yield in human terms.

It is insane to think we can separate training from education. They are one and the same thing. And you have to fold these things into some logical, coherent pattern.

Senator QUAYLE. It really has to be done. I can just tell you what happens out here is, we separate them out, so all the various groups out here have their own constituencies, so they go over whether it is the Department of Labor or Department of Education. Then you get back home to our States, and they have their own various groups. And I'll be darned—these people do not even talk to each other. Sometimes, and they are doing essentially the same thing; they are talking basically about the same constituency, they have very similar ideas, but they are just miles apart. And the problem comes down that a lot of it is political, and people do not want to give up their own turf. But I think, as we look at true productivity, and getting more out of our economy in the long run, we have got to look at some sort of reorganization in this two areas.

The CHAIRMAN. Senator, your time has expired.

Senator QUAYLE. Just 10 seconds. Finally, good luck. I look forward to working with you.

Thank you very much.

Ambassador BROCK. Thank you very much.

The CHAIRMAN. Thank you.

We will turn to Senator Dodd at this time.

Senator DODD. Thank you, Mr. Chairman.

Senator Kerry has a brief statement.

The CHAIRMAN. Senator Kerry.

Senator KERRY. Mr. Chairman, with your permission, I have a conflicting meeting, and I would just like to ask your permission to be able to submit some questions in writing, if I may.

The CHAIRMAN. Without objection, you may certainly do that. We will include all written questions and respective responses at the end of the hearing record.

Senator KERRY. And if I could, prior to leaving, I would just like to note two areas of concern.

Mr. Ambassador, I look forward to voting for your confirmation, but I would like to join my colleagues in expressing serious concern about the issue of the regional closings, and I would hope that you would report back to us as soon as possible.

My concern, like my colleagues', is not founded, although I am concerned about the individuals who would be dislocated, but I think that from a fiscal savings point of view, as well as from a question of provision of services, it is an ill-based concept, and I would really like to have you take a look at that, if you would.

The second area of concern is significant, and that is the whole employment services cut area. We have a terrific program in Massachusetts of job-matching and of employment training, and I think there is a short-sightedness in that, also, that while the funding taken away from some of the low unemployment areas may seem to be wise, in fact, that low unemployment often is the result of job-matching that takes place, even in low unemployment areas where there is high turnover in jobs, and also a significant ability to be able to match people for hard-to-place jobs where the employers, in fact, benefit significantly as a consequence of it.

So, I would like to express my concern about those two areas particularly, and hope that you will address those.

I thank you, Mr. Chairman, for your permission to interrupt.

Ambassador BROCK. I will do that. Thank you very much.

The CHAIRMAN. Thank you, Senator Kerry.

Senator Dodd.

Senator KERRY. And thank you, Senator Dodd.

Senator DODD. Not at all.

Thank you, Mr. Chairman.

Let me join with my colleagues in wishing you well at the very outset, Mr. Ambassador, in this new endeavor.

Ambassador BROCK. Thank you.

Senator DODD. I expect you will enjoy broad support on this committee and on the floor of the Senate. I certainly look forward to asking to vote in your favor.

On the one question that Senator Kerry raised, I would just bring to your attention that we have on this committee Senator Stafford, Senator Weicker, Senator Kennedy, Senator Pell, myself,

and Senator Kerry, all from New England, who use that Boston office.

Do you have any additional thoughts you would like to share? [Laughter.]

Ambassador BROCK. You made a powerful argument, Senator.

Senator DODD. I thought I would get your attention on that.

I also note on your contributor list, you obviously were not thinking about this committee.

Senator QUAYLE. Pass that list down here. [Laughter.]

Senator DODD. At any rate, just a couple of points. You have really covered a lot of ground already, I think, major questions that we would all have.

The trade issue is obviously one that you bring a special expertise to, given your role over the last several years. I wonder if you might just briefly give us some comment. One of the things that I think has been absent in recent time, anyway, in discussing possible proposals—and Lord knows, we have had a myriad of ones considered—has been the absence in the last 4 years of considering at least seriously, other than rhetorically, the labor factor here in this country.

Because of your special expertise now in trade areas, and because you are now going to, and I think, very encouragingly, showing up for the first time in 4 years as Secretary of Labor, at the AFL-CIO Executive Council meeting next month, I wonder if you might share with this committee some ideas on what you would like to see happen in this area, with regard to trade policy, and what role you specifically see labor playing in that discussion and the formulation of any legislative suggestions.

Ambassador BROCK. Well, Senator, I do not know how much time you have, but I sure have given it a lot of thought. And it is not an easy question, but it is one that we really have to find some better answers to.

In a purely labor sense, we tried in the 1970's to address the question of trade effect, trade adjustment, through the so-called TAA approach. And I think most observers felt that that program was ineffective in reaching its desired objective, and it has effectively been terminated.

We have tried to replace it with things like JTPA and similar programs, or even in JTPA, the displaced worker component. But I wonder if we have given sufficient thought to the ability to maintain a liberalized trading climate here in this country, and a constituency that would support that policy. Unless we have a more effective answer for the people who will be faced with economic adversity in the process of a changing economy, we really are, as Senator Hawkins noted in her opening statement, in a very fast-moving world. It is not just imports. Technology may be having a greater impact on employment patterns than all the imports put together. But the fact is, you have a combination of both now being on the shoulders of the working people. And we do have to ask ourselves some pretty fundamental questions. Are we doing close to an adequate job with our educational system, to teach people flexible skills, not just precise skills, in one vocational area, but skills that allow for flexibility, because the average young person is going to

hold four or five jobs—because those jobs will change underneath them during the course of their working lives.

I think the answer is no, we are not doing enough in the educational field—and that goes well beyond formal education. The lowest estimate I have seen is that American business spends $20 billion a year—I think most people believe it is closer to $40 or $50 billion a year—in training and skill-upgrading programs in the enterprise sector.

Labor and management have been trying to come up with some answers to do it together. The GM agreement has 5 cents an hour in it for retraining. The Ford agreement has the most fascinating concept, where they even provide some relocation to other areas in a contract between labor and management.

We are doing these things in bits and pieces, without a coherency, without a sense of the totality of the problem. Drawing back for a moment just from the training and skill base part of the question and looking at it more in a macro-economic sense, I think it is fair to ask whether this country really has faced up to the fact that we are in an integrated world economy, we are going to be in an integrated world economy, increasingly intertwined in that system. Twenty percent of our people are producing for export now in manufacturing; services are growing exponentially; agriculture, despite the dollar, is still a major component of our farm income.

And I do not think we have gone back to look at our basic macroeconomic policies to see if they allow us to be internationally competitive. I hope that will take place this year when you debate the tax bill.

But it is my own personal conviction that our present tax system is not designed for global competition, that we do not have an adequate rate of savings in this country. It is 7 percent, on average, below the industrial country average; less than half of the savings rate in Japan. Therefore, our interest rates are higher, and we have to come up with devices in our tax bill—investment tax credit, ACRS, things like that—to increase the internal generation of cash. But those seem to be focused at a particular problem rather than a generic problem of international competition. And when you look at the fact that in Japan, an electronics part or a car gets a 20 percent rebate at the border in order to sell in the U.S. market, therefore, effectively paying no taxes here, and our firms and workers have no comparable advantage, European imports that come into this country come in with a rebated value-added tax of 15, as much as 20 percent in some case, or higher, again putting us at a tax disadvantage—I think it really is time for us to take a look at the implication of the integration of the United States into a world economy, and what that requires of us in the adaptation of our so-called domestic policy—which is not domestic policy; it is international policy now—to that new environment. And it goes across the whole range of policies that you all have to deal with in Congress and we have to deal with in the administration—skills, adjustment, education, tax policy, fiscal policy, monetary policy.

And I do not know where to house that debate, but I think it is important that we begin it. And obviously, from the perspective of labor, I am going to be pushing for that, because I care about it.

Senator DODD. I am glad to hear you say that, and I appreciate the brevity of your answer, in light of the difficulty of the problem.

My hope would be, while you have obviously got a lot of problems to wrestle with, and we have raised a lot of them here, what you have just described is the kind of approach which is going to take real leadership. And my hope would be that this would be very, very high, if not highest, on your list of priorities, given your unique expertise in the vitally important issue of displaced workers and, of course, trade imbalances, imports, and so forth, in this country and what it is doing. So I am glad to hear you say that.

The Job Training Partnership Act, the budget request is apparently going to bring down some dollars in that area, in light of the fact that that program has been at least marginally successful in luring people into job-related areas, and the cost of them being out—you have heard that argument and many others—and obviously, we have got the budget deficit problem. But is your intention at this juncture—and I presume you have looked at that—to support the administration's request in that area? They have asked for an authority that is about $1 billion less.

Ambassador BROCK. Senator, as I said sometime earlier, it is not my intention to come in here in opposition to my own President. Of course, I will support him. What I will try to do is—I think most of these decisions in the 1986 budget have been made—what I will try to do is to shape the programs that we have under our jurisdiction to the maximum degree of effectiveness, yield in human terms as well as cost terms, and to provide advice on the next budget, over which I might have some impact, to see if I can improve the situation.

But I cannot—I have no possible way that I could disagree with the cuts that have been proposed, in the simple context of the conversation we just had on the international situation. The dollar is pricing us out of house and home today. And until we deal with our Federal deficit—which means all of us have got to pay a piece of that—we are going to be faced with an adverse international competition, and we just have got to deal with this deficit. We really do not have any choice.

Senator DODD. You mentioned earlier——

The CHAIRMAN. Senator, your time has expired.

Senator DODD. Just one more question, Mr. Chairman, and I will finish.

You mentioned earlier your general support for the sub—minimum wage for youth, at least generally.

Ambassador BROCK. Yes.

Senator DODD. We have one person in the State of Connecticut, one enforcement officer in the entire State of Connecticut, dealing with wage enforcement issues. That is obviously going to require additional personnel to enforce this kind of a proposition.

Ambassador BROCK. He will be like the one-armed paper hanger, won't he?

Senator DODD. Basically. So are those questions being raised at all, about the additional costs associated in the 1987 Federal budget when we start talking about these areas?

Ambassador BROCK. I do not know whether they have been; they certainly have to be.

Senator DODD. I would hope they would be pursued, because that is the kind of thing that never gets discussed in these things, how you enforce these things and the personnel you bring on, and obviously, a very important budget issue, as well.

At any rate, I appreciate your response on the trade issue, particularly, and look forward to being supportive of your nomination.

Ambassador BROCK. Thank you very much.

Senator DODD. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

Senator Hawkins.

Senator HAWKINS. I want to follow up on that question. There also is a cost not to have the youth differential wage. The cost is magnified by the number of youth unemployed, and the trouble they get into when they are not being trained, et cetera.

Ambassador BROCK. Yes.

Senator HAWKINS. I have a list here of the 20 fastest growing occupations, 1982-95. It is fascinating: computer service technicians, legal assistants, computer systems analysts, computer programmers, computer operators, office machine repairers, physical therapy assistants—which I employ full-time—electrical engineers, civil engineering technicians, peripheral electronic data processing equipment operators, insurance clerks for medical purposes, electrical and electronic technicians, occupational therapists, surveyors' helpers, credit clerks, banking and insurance, physical therapists, employment interviewers, mechanical engineers, mechanical engineering technicians, and compression and injection mold machine operators for plastics.

Those are relatively new fields, and a lot of them in the information-based society. Your experience as a U.S. Trade Rep has given you a chance, I believe, to see more than others the potential competition that the United States will face in the years ahead. And you and I have discussed many times your first-hand observations on what the Japanese are doing and what the Europeans are doing to compete with United States industry.

Faced with the fact that challenge is here to stay—as you have told me many times—do you have any suggestions as to how your Department, if it becomes your Department of Labor, can play a more effective role in assisting United States business and United States labor to adapt and compete in this changing world?

Ambassador BROCK. Yes, I do. First of all, in the development of macro-economic policy that we were just talking about with Senator Dodd, the Department of Labor has a considerable interest—Senator Kennedy raised this area—about the participation in the development of tax proposals, for example. That is part of it. But I think if you look at what other countries have done, they have shaped their policies with almost a single-minded focus on international competition.

Japan's total profitability is dependent upon access to the United States market. Everything that their government does is focused on improving that access, maximizing the business opportunities of the Japanese businesspeople, maximizing the employment prospects that come from that increased dollar volume.

We are the target for the world. And it is not just Japan. We have a larger trade deficit on a per capita basis with Taiwan than

we do with Japan. We have a larger trade deficit with Canada than we do with Japan. We have a larger trade deficit with a number of countries that we have not even thought about. But all of those countries have a similar approach in the sense that they have said, "Look, we have got to compete internationally. We cannot grow entirely internally, and we have got to look outside." And what they have done is to find ways for Government to provide the maximum degree of support. In some cases, it is R&D, to gin up their creative juices. In other cases, it is tax support. In other cases, it is incentives for savings. But in many cases, it goes down to the very fundamental essence of a competitive economic environment and a company. It is a more cooperative attitude between labor and management; a willingness to understand that the success of the firm has just as much interest to the individual worker as it does to any manager or any stockholder.

And I think what we have got to understand in this country is that we are part of that international competition; we have got to face up to it, and we can only do it by cooperation, by working together, by focusing our efforts on improving our productivity and changing the way we think about doing business in a very fundamental way. And I think the Department of Labor can contribute significantly in those areas.

Senator HAWKINS. Would you consider a major conference on that subject?

Ambassador BROCK. I certainly would.

Senator HAWKINS. Along employment lines, the committee has spent considerable time over the last 4 years trying to address the problems of single parents. There are over 4 million divorced women trying to be a breadwinner, a homemaker, and a mother to their children. We have enacted in this committee child care provisions in both the Job Training Partnership Act and the Vocational Education Act. We even created a special set-aside for single parents and homemakers in the Vocational Education Act.

So the opportunity with these occupations listed, the opportunity for homework seems to be an idea whose time has come. As the economic times change, we need to help preserve ways to preserve the family, find ways to preserve the family unit.

It seems to me that computer homework can provide a great opportunity for parents to have quality time with their children and not leave the premises, so they could protect their children and engage in the many roles that they have to.

I have watched with fascination the efforts to ease restrictions on homework have met with very little success over the past few years.

Do you have any thoughts on how we might encourage the development of homework along these lines?

Ambassador BROCK. I do not know that you need to encourage it. I think you need to get out of the way. It is going to come.

There is no possible way we are going to stop that movement. Anybody who has thought on this subject and has looked at the impaction of our cities and suburbs, traffic patterns, not the least of which are making life pretty difficult, the amount of money that we spend as a society on commuting, in time, energy and resources—and the sheer knowledge that we have the capacity

today—we had it a couple years ago—to allow legal work to be done in the home with a legal secretary just hooked by a computer, by phone line, to the office of the lawyer.

It is going to come. It is irreversible. I think we have to find a way to be sure that it is done in the right way, and where Government can play a constructive role, I think, is in simply letting people know what opportunities there are and seeing that there is not some significant disadvantage caused by that change; that people are not put into an impossible situation where they are abused by somebody that would play games with the economic situation. That is where the responsibility lies, to my way of thinking. And I do not think you can stop it; I really do not. I think it is going to come, and I think it is going to be good, and it is going to help to reunite the family in this country, which is far and away one of the most important priorities we could conceivably have.

Senator HAWKINS. Thank you.

I look forward to working with you.

The CHAIRMAN. Thank you, Senator Hawkins.

Mr. Ambassador, I want to thank you for the time you have spent here today. Just one other thing. One of the major concerns I have had is in the international field, and in fact, we have a number of concerns that fall within the international field in this particular committee, one of which is, of course, the International Labor Organization at Geneva, Switzerland. Leaders of the AFL–CIO, business, Government, and this committee have worked together to try and enhance our posture and our position over there. One of the difficulties we have, of course, is that our country has not ratified some of the conventions, and there are very good reasons for that, explained by almost everybody concerned.

Within the next few months, we would like—and we have actually deferred the hearing we had scheduled for the 18th of this month—we would like to reschedule that hearing, ask Lane Kirkland of the AFL–CIO; Irving Brown, who is the international vice president in charge of foreign policy for the AFL–CIO; business representatives; governmental representatives, yourself, and perhaps George Shultz or his designee, to appear and see if we can resolve the problem as to how we might ratify these conventions, which would give us another edge in the international debate over which system of government is better and in the international politics that occur sometimes at these conventions.

So we hope that you will make yourself available and that you will start studying that issue and put the legal minds that you have at work down at that Department to help us resolve that seemingly technical issue, that I think is resolvable as suggestions to you, but I would to make sure that you do come to that particular hearing. I think it will be crucial for you to be one of our leaders at that hearing.

Ambassador BROCK. I appreciate the invitation, Senator. I will be very interested.

The CHAIRMAN. Thank you.

Any other questions that members of this committee have, we will have them submit them in writing. We hope we can report you out of the committee with expedition, and of course, confirm you on the floor of the Senate so that you can get about this important

work. We think that will be something we can do in ready fashion; we hope so. And we wish you the very best as you serve as Secretary of Labor. We are proud to support you for that particular position.

Ambassador BROCK. Thank you, Senator.

I look forward to working with you, and I am ready to go.

The CHAIRMAN. Well, thank you.

[Additional questions and statements submitted for the record follow:]

U.S. Department of Labor

Assistant Secretary for
Occupational Safety and Health
Washington, D.C. 20210

MAY 8 1985

MEMORANDUM FOR: WILLIAM MARONI
Deputy Under Secretary
for Congressional Affairs

FROM: ROBERT A. ROWLAND
Assistant Secretary

SUBJECT: Responses to Questions from Secretary Brock's Confirmation Hearing

Attached are responses to questions related to programs of the Occupational Safety and Health Administration (OSHA) which Secretary Brock was asked to answer for the record of his April 23 confirmation hearing.

As requested, each question has been restated and the answer limited to one page.

Attachment

1. Did you approve of Mr. Robert Rowland's decision last April 12 to kill a worksite toilet, drinking water and handwashing standard for farmworkers?

Response: No, I did not. As I told Chairman Hatch at the hearing on April 23, I am not yet familiar with the particulars of this standard. My only knowledge of the reasons for or against a Federal standard is derived from the press accounts that I have read and from a few briefing sheets. I will be reviewing this decision carefully in the coming weeks.

2. Since your two OSHA retained consultants Drs. Jesse Ortiz and Eugene Gangarosa both strongly urged that you promulgate a field sanitation standard, why did you go against their recommendations?

Response: As I noted in my response to your first question, I did not participate in Assistant Secretary Rowland's decision on a Federal standard for field sanitation. Since I am not familiar with the contractor reports to which you refer, I cannot comment on your question. In the coming weeks, I will be examining all the documents relevant to OSHA's proposed field sanitation regulation.

3. Did you have any contrary recommendations from medical experts that these standards were unnecessary?

Response: Again I must respond by saying that I am not yet familiar with the record of the public hearings on OSHA's proposed field sanitation standard, and so cannot comment on your question.

4. Do you believe that farmworkers, who toil under very difficult circumstances, often under extreme temperatures should have the right to drinking water in their sites?

Response: Yes, I believe that farmworkers should have access to drinking water at their work sites. I am not prepared at this time, however, to state whether a Federal regulation is needed to ensure such access. You have my commitment to make an informed decision after I have thoroughly studied the factors involved.

QUESTION BY SENATOR STAFFORD

Question: I am very concerned about the problems of youth unemployment nationwide. Under the JTPA, states are required to spend 40% of their funds on youth training and employment initiatives, yet in actual practice only 29% of the funds are being used in this manner. Senator Quayle and I addressed this specific concern through an amendment to the Vocational Education Act that was signed by the President in October 1984. It is my understanding that the situation remains unchanged. The regulations that the Department will release later this week, seven months after the change was enacted, are clearly inadequate to address this problem. Some states will choose to enforce them and other state programs will be unaffected. What will you do as Secretary of Labor to ensure that 40% of the JTPA funds will be properly spent on the nation's disadvantaged youth?

Answer: Program data indicate that JTPA serves youth as effectively as would be expected during a transition period. During Transition Year 1984, which ran from October 1, 1983 through June 30, 1984, 38 percent of Title II-A funds were expended on activities for youth (39 percent of the enrollees were youth). In the shift from CETA to JTPA, services to youth were more affected than some other types of services and thus required a greater restructuring of the program at the local level. Recent data indicate that Service Delivery Areas (SDAs) are putting an increasing number of youth programs into place and as a result, the percent of funds expended in youth programs is expected to rise.

The amendment contained in the Vocational Education Act which allows for additional outcomes (other than placements) for performance contracts for youth should provide both an incentive and a means for increasing services to youth and thereby increase the level of funds used to provide such services. The Vocational Education Act amendment is a statutory mandate which was incorporated into the JTPA regulations on April 26, 1985.

The Department will continue to emphasize the importance of serving youth and will continue to monitor States' administration of the statutory requirement for serving youth. If we determine that other actions are necessary to increase services to youth, we will consult with you and your staff regarding any actions we may propose.

QUESTIONS BY SENATOR THURMOND

Q. Mr. Ambassador, in the past 5 years textile and apparel imports have doubled. Employment in the textile industry is now at an all-time low and the situation is nearly as bad in the apparel industry. As Secretary of Labor, you are a member of the Committee to Implement Textile Agreements. Do you have any plans to strengthen the Multifiber Arrangement when it comes up for renewal next year in order to preserve the remaining jobs in the U.S. textile and apparel industry.

A. Textile trade policy is an issue with which I have been deeply concerned. Although the United States Trade Representative has lead responsibility for the formulation of textile/apparel trade policy, the Department of Labor does play an important role in interagency discussions on this important issue. The Administration does not yet have a position on the Multifiber Arrangement. In fact, we are just now asking for public comment to assist us in developing a U.S. position. If we are to have a successor regime to the current MFA it must be a document which encourages the long-term health and viability of our domestic industry, including the interests of its workers. As Secretary of Labor I will certainly work to that end.

Q. Even though there has been a slight decrease in imports over the past two months, I would like to say I am not encouraged by the apparent slowdown. The industry and its workers are suffering even while imports declined in January and February. As you know, there is an inventory surplus, and once that is reduced, there is nothing to stop imports from taking off again. Do you plan to recommend any stronger measures which should be taken by the Administration to curb imports?

A. I, too, have been pleased to note that imports have decreased this year. In fact in February the total imports were down 4.9%, while imports from areas where we have instituted quantitative controls declined 21.4%. This indicates I believe that the some 200 new quotas we have instituted over the last two years are now taking effect. These quotas should also control the type of resurgent import growth with which you are concerned. In short, I believe that our present active implementation of the MFA and our numerous bilateral agreements are effective tools to preserve the health of our domestic textile and apparel manufacturing industries.

QUESTIONS BY SENATOR KENNEDY

Question: The rapid changes in our economy have resulted in some communities and individuals having to bear the brunt of those changes. Unacceptable levels of unemployment still persist in a number of states and we are doing virtually nothing to help these workers and communities adjust.

I believe we should make the adjustment and transition to new economic circumstances just as high a priority as income maintenance.

-- Are you familiar with the retraining and adjustment programs other industrialized countries (Germany, Sweden, Japan) have in place? Are you familiar with the enterprise allowance schemes in Britain and France?

-- Do you believe these policies are worth trying in the U.S.?

-- What is the Department doing to encourage work sharing, retraining and relocation of workers who have been permanently displaced -- not just through JTPA but also tied to unemployment insurance?

-- Is the Department willing to work with the committee on some initiatives in these areas?

Answer: As the question indicates, we do have in place a major program for the retraining of dislocated workers under Title III of JTPA. My first priority in this area will be to assure that the Title III program is administered effectively and efficiently. With respect to work sharing, I understand that States are experimenting with this approach under current unemployment insurance legislation. I have not had an opportunity to study in detail the retraining and adjustment programs of other industrialized countries and thus I am not in a position to comment on their appropriateness for application in the United States. I will certainly be interested in reviewing the program experience of other countries. While it would be premature for me to comment on the need for any Government initiatives in this area, I certainly welcome the opportunity to work with the Committee in addressing the problem of displaced workers in our country.

Kennedy

WORK INCENTIVE (WIN) PROGRAM

Question: The President's budget once again recommends eliminating the WIN program. While WIN may not be effective in every State, it has been successful in Massachusetts. Governor Dukakis has used WIN funds, along with State money, to launch a very successful effort to place welfare recipients in private sector jobs.

— We all agree putting welfare recipients to work is a good idea.

— Do you support abolishing WIN?

— Wouldn't it make more sense to reform WIN rather than eliminate it?

— Would you be willing to take a look at the Massachusetts program and consider how that experience might be replicated?

Answer: As I understand it, the WIN Program duplicates to a large extent, the kinds of training and employment activities that are allowable under other Federal programs. The Administration is proposing a new approach which will require that States continue to carry out work registration and other work related activities using the resources of the Social Services Block Grant and the Job Training Partnership Act. I would be more than happy to look at how Massachusetts uses available resources to assist welfare recipients. I believe that information on successful programs should be exchanged between States and will strongly encourage that this occur.

Kennedy Question

Question: Ambassador Brock, I know from our conversations that you are deeply concerned about the high unemployment that plagues our nation's young people. I think it is worth few minutes of the Committee's time to better understand this seemingly intractable problem (charts.)

Chart 1 Unemployment is much worst for black and Hispanic teens than for whites. In 1984 unemployment was: 16% for whites, 24% for Hispanics and 43% for blacks

Chart 2 Even more troubling is the disparity that exists among those who are working

- 1 of every 2 white teens have a job
- one of three Hispanic youth are working
- just one of every five Black teens are employed

Chart 3 Let's take a look at what we've spent on youth unemployment

- 1976 (last year of Ford) the Federal Government spent $2.1 billion for youth training
- 1980 (end of Carter Administration) $3.4 billion
- 1985 (this year) $2.2 billion--same as Ford, ten years ago
- 1986 (President's Budget $1.4 = 40% cut from Ford budget with no consideration for inflation

Mr. Ambassador you weren't involved in preparing the President's budget, but unfortunately, you will have to live with the consequences--would you have recommended a 40% cut in youth training?

- What do you think it will take to deal with this problem?
- Will youth employment be a priority for your administration?
- Don't you think we need a program targeted at minority youth not just a program to lower wages for all youth?

Answer: I believe that the high rate of youth unemployment, and particularly the high rate of Black youth unemployment is intolerable. Dealing with this problem will definitely be a priority during my tenure as Secretary of Labor. The proposed reduction in funding for youth training relates primarily to the proposed elimination of the Job Corps program. The rationale for this proposal is that Job Corps is an extremely expensive program and that youths can be served more effectively and at a lower cost under the JTPA block grant program. I am in favor of the Youth Employment Opportunity Wage YEOW as one means of responding to the problem of youth employment. While this proposal is not targeted exclusively on minority youth, the jobs that will be generated by YEOW will benefit primarily those young people who would not be able to obtain employment at the minimum wage because they don't possess the skill levels necessary for those jobs. These individuals will be offered an opportunity to obtain their critical first job and gain experience in the labor market. In addition, I will be looking closely at the progress of the Job Training Partnership Act in the months ahead.

Kennedy

Section 203(a)(4) of the LMRDA requires employers to report to the Labor Department any agreement with a labor relations consultant where the object, directly or indirectly, is to persuade employees concerning their rights in regards to collective bargaining. Section 203(b) of the Act requires labor relations consultants to file reports with the Department under the same circumstances. While the Department has increased the enforcement of provisions of the Act relative to the required reporting by labor unions, the enforcement of Section 203 has decreased dramatically. I believe it is clear that from the legislative history of the Act that Congress intended that the Department enforce Section 203 just as vigorously as the union reporting requirements. Would you furnish the committee your views on this matter?

I am committed to ensuring a balanced enforcement program involving all provisions of the LMRDA. By the very nature of the LMRDA more resources are expended for investigating union reports and finances than for investigating employer and consultant reports. As compared to the approximate 50,000 unions that are required by the LMRDA to file annual financial reports, under Section 203 reports are required from employers and labor relations consultants only under certain conditions. Nevertheless, the Department has taken initiatives to bolster enforcement of the provisions of Section 203, such as the establishment of a task force to complete an employer/consultant report cross-checking project to obtain proper compliance from all employers and labor relations consultants who are delinquent and/or deficient in filing the reports required by Title II of the LMRDA.

When the Department's record of litigation in the area of employer and consultant reporting is examined, it is clear that enforcement has been increased rather than decreased. The Department has instituted 15 civil actions since FY 81 to enforce the employer and consultant reporting requirements of the LMRDA. This record of 15 cases filed during four years is significant when compared with the total of only 22 cases that were filed during the previous 21 years since the LMRDA was enacted.

I intend to continue to ensure the proper enforcement of Section 203 of the LMRDA as it relates to employers and labor relations consultants.

Senator Kennedy Question 5

Question: The Administration has launched its "Small Region Initiative" and announced its intention to close Labor's Regional Offices in Boston, Kansas City, and Seattle. Needless to say this is strongly opposed by those of us from New England and we have communicated that sentiment to the President and OMB. Despite our concerns, plans for these closings appear to be proceeding.

How much money does the Department estimate will be saved by closing these Regions?

Answer: In the first year savings will approximate $4 million. In following years $11 million per year will be saved.

Question: What is the cost to the Government? How much will be spent to relocate employees to New York, San Francisco, and Denver. How much will be spent on severance pay?

Answer: In the first year of this program, the Department estimates the following costs will occur in effecting this management initiative.

Terminal leave and severance pay (164 employees at $20,000)	$3,280,000
Unemployment payments (17 at $2,600)	44,200
Relocation costs (82 at $40,000)	3,280,000
Total one-time cost	$6,604,000

It's important to note that these costs will occur only in the first year while the savings ($11 million) associated with the initiative occur every year into the future.

Question: Won't travel costs be increased? By how much? (Currently can drive from Boston to New England States. Will have to fly from New York)

Answer: We expect travel costs associated with this proposal to be minimal, less than $100,000 per year. This is for several reasons.

- o It's often overlooked that DOL will retain more than 76% of its current staff in these regions in place. These operating staff on-site will be able to handle most problems requiring Labor Department presence.
- o The staff and functions being moved are primarily administrative and overhead positions that currently perform only limited travel.

Question: What about the cost of office space? Rents are certainly higher in New York than in Boston. How much will this cost the government?

Answer: In fact, the square foot rental cost in the building we plan to move is less than the cost of our regional office space in Boston. We will also be able to reduce our total space holdings commensurate with the staff savings associated with this move. In total, we expect to save more than $200,000 per year in space costs as a result of the reduced number of staff and lower rental rate in New York.

Question: The Boston Regional Office has provided good service to the constituents of New England, as evidenced by the opposition to this proposal which has come from Governors, State legislatures, local agencies, and the private sector. What assurance can you give the Committee that New England will be served as effectively from New York as it is from Boston?

Answer: Since personnel providing key operating services and enforcement functions will remain in Boston, services to the people of New England will be provided with little change. Access to these personnel would continue as at present.

Question: The Boston office that handles job training programs has a good track record and has initiated a number of innovative programs to better serve New England.

What assurance can you give this Committee that these innovations and the personalized service that have benefitted New England will be continued by the New York Region?

Answer: Effective services in the employment and training area will be provided by the New York Regional office. A reduction in the number of Federal grants in this area, with a concomitant transfer of more authority to State and local governments also reduces the need for an on-site Federal assistance.

Question: Employees in the Boston Region are being told that the small regions will be closed by September 27.

- o Do you intend to review this initiative and its impact on New England?
- o Will you report back to Congress and this Committee on the cost of this proposal to the Government and to the constituents of New England who benefit from these services?
- o Will you agree not to take further action until the Congress has been consulted?

Answer: September 27 is the planning date for implementation of the proposed consolidation. This will afford the Congress an opportunity to review the plans and to take action it deems appropriate. I do intend to review the initiative at the earliest opportunity and will be pleased to provide any information which might be requested in the future.

Senator Kennedy
Job Corps

QUESTION:

As you know, the President's budget and now the Majority's leadership budget, recommend abolishing the Job Corps.

Are you familiar with a report on the Job Corps done for the Department of Labor by the National Research Council?

The report states that the evidence on Job Corps is clear -- it works[Those who participate in Job Corps

- o Work more (+ 13%)
- o Earn more (+ 23%)
- o Get more education
- o Are healthier
- o Commit fewer crimes
- o Get less welfare

Despite Job Corps' high cost, the net value to society exceeded the costs by $2,300 per enrollee.

If you had known these facts, would you have recommended ending Job Corps?

Now that this report is available, are you prepared to ask the President and the Director of OMB to reconsider their decision?

ANSWER:

It is my understanding that, as part of an overall review of the research activities conducted pursuant to the Youth Employment Demonstration Projects Act of 1977, the National Research Council reviewed the Job Corps evaluation conducted by Mathematica Policy Research, Inc. The Council summarized its views of Mathematica's analysis in an interim report to the Department.

The information cited in your question was known at the time the decision was made to propose the elimination of the Job Corps. Since the time of Mathematica's survey, the Job Corps has doubled in size and there have been sharp shifts in both costs and results. For example, between 1977 (the enrollment year for the Corpsmembers studied) and 1984, the cost per placement for Job Corps increased by 65%, in real terms; over the same period, the positive termination rate fell from 78.1% to 58.8%. Based on this more recent data, the judgment to terminate the program was made.

QUESTIONS BY SENATOR METZENBAUM

JTPA TITLE IV PROGRAMS

Question: The Administration proposes to "zero budget" that part of Title IV of the Job Training Partnership Act that provides for pilot projects and partnership technical assistance.

— **If Congress provides for continuation of such programs, how will you handle them?**

— **Is it your feeling that the Employment and Training Administration should have simply a research and evaluation role to play in the nation's employment and training policy, or do you see the ETA supervising the operation of specific national programs? (Job Corps, pilot projects, etc.)**

Answer: If funds are appropriated to continue the Pilots and Demonstration, and Technical Assistance and Training programs, the Department will efficiently use the funds for the programs directed. This includes immediate actions to compete all projects, except where there is a compelling reason not to do so, as early as is possible so that awards can be made in a timely manner and on-going programs and efforts can continue without unnecessary disruptions.

Question B: **Is it your feeling that the Employment and Training Administration should have simply a research and evaluation role to play in the nation's employment and training policy, or do you see the ETA supervising the operation of specific national programs?**

Answer B: In general, I believe that training and employment programs are best planned and administered at the State and local levels, as they are under Titles II and III of JTPA. The States and localities are in the best position to assess and address local employment problems. There are instances where the specialized needs of certain target groups, such as migrants and farmworkers and Indians and Native Americans may require greater Federal involvement, as provided under Title IV of JTPA. However, the training needs of youth and the pilot testing of new program approaches are best carried out under the Title II block grant program rather than through national program efforts such as the Job Corps and a national pilot/demonstration program.

JTPA TITLE IV PROGRAMS

Question: In the event the administration is successful in eliminating any operating programs (as opposed to R&E) under Title IV, how would you propose phasing them out?

A. Length of time.

B. Funding

C. Disposition of Federal property held by contractors.

Answer: The Department will use available funds to continue programs for a sufficient time to enable contractors to explore alternative funding sources. The length of time and funding levels of specific programs will depend on individual circumstances. However, priority will be placed on those programs which provide direct services to enrollees. As for the disposition of Federal property, we will follow established Federal procurement and disposition policies.

Question: In light of your knowledge of work-force skill levels and programs to develop skilled workers in the other democracies in the world, do you see any role for the federal government to play in the administration of:

A. Apprenticeship?

B. Displaced worker training?

C. Structurally unemployed worker training?

D. Youth training?

Answer: Our principal program for addressing the training needs of displaced, structurally unemployed and young workers is the Job Training Partnership Act (JTPA). I am impressed by the fact that JTPA provides for a new partnership between the Federal Government, the State and local governments and the private sector in the administration of training and employment programs which takes advantage of the strengths of each of these partners. My own priority will be to assure that the Federal Government carries out its responsibilities in this partnership, fully and effectively.

Traditionally, apprenticeship in the United States has been carried out by private employers and labor organizations. The Federal role has been primarily promotional and standards-setting. I will be reviewing this program along with all other training and employment programs administered by the Department of Labor. In that connection, I will be assessing the Federal Government's role in this program area.

Question: Do you feel that the United States, particularly the Department of Labor, has anything to learn from other democratic countries in the field of training and development of highly skilled craft workers? Would you support efforts to exchange information?

1. Study exchanges?
2. International conferences?
3. Worker exchanges?

Answer: While I believe that this country has a good record in training highly skilled workers through our educational system and industry-sponsored training programs, I will certainly be interested in reviewing the policies of other countries in this and other areas affecting the work force. I understand that the Department of Labor is already actively involved in such exchanges of experience through its participation in such international organizations as the Organization for Cooperation and Development and the International Labor Organization. In reviewing the Department's international program, I will consider whether additional approaches to information exchange along the lines suggested in the question would be appropriate.

QUESTION BY SENATOR DODD

Questions for Secretary-Designate Brock from Senator Dodd

During the past few years there has been considerable concern expressed to this Committee with regard to how the Multiemployer Pension Plan Amendments Act of 1980 is working, particularly with respect to its economic impact on certain industries such as the trucking industry.

Are you familiar with this issue, and would you as Secretary be willing to work with this Committee along with industry and labor to resolve these problems?

Answer: My understanding of the basic problem under the Multiemployer Pension Plan Amendments Act of 1980 is that multiemployer pension plans must assign employers who withdraw from the plan a liability for a portion of the plan's unfunded benefits. For small employers, this liability may exceed the value of the employer's business and, even for large employers, the liability can be a serious financial hardship. Moreover, the liability is assessed regardless of why an employer withdraws from the pension plan. This inhibits the sale of small businesses when their owners want to retire. It can also lead to large liabilities for an employer if the union representing his employees changes.

This appears to be a difficult problem to solve. On the one hand, withdrawal liability is designed to increase the funding of pension plans and, hence, protect benefits. On the other, it discourages the growth of the pension plans that provide the very benefits we're trying to protect.

Developing a proper balance between protecting plan participants, protecting PBGC premium payers, and not driving employers away from multiemployer plans is going to be difficult. I and my representatives would be glad to work with representatives of industry and labor to attempt to resolve these problems.

Note: The Administration has previously taken the position that it will not support any single industry exemption.

QUESTION BY SENATOR SIMON:

Questions for Secretary-Designate Brock from Senator Simon

In 1980, the Congress enacted the Multiemployer Pension Plan Amendment Act of 1980, which amended the Employee Retirement Income Security Act of 1974 (ERISA). What are your views regarding the need to review and possibly amend ERISA? Would you consider proposing amendments, if they were agreed to among representatives of Labor and Management, to modify the current treatment of withdrawal liability for the trucking industry?

Answer: My understanding of the basic problem under the Multiemployer Pension Plan Amendments Act of 1980 is that multiemployer pension plans must assign employers who withdraw from the plan a liability for a portion of the plan's unfunded benefits. For small employers, this liability may exceed the value of the employer's business and, even for large employers, the liability can be a serious financial hardship. Moreover, the liability is assessed regardless of why an employer withdraws from the pension plan. This inhibits the sale of small businesses when their owners want to retire. It can also lead to large liabilities for an employer if the union representing his employees changes.

This appears to be a difficult problem to solve. On the one hand, withdrawal liability is designed to increase the funding of pension plans and, hence, protect benefits. On the other, it discourages the growth of the pension plans that provide the very benefits we're trying to protect.

Developing a proper balance between protecting plan participants, protecting PBGC premium payers, and not driving employers away from multiemployer plans is going to be difficult. I and my representatives would be glad to work with representatives of industry and labor to attempt to resolve these problems.

Note: The Administration has previously taken the position that it will not support any single industry exemption.

QUESTIONS BY SENATOR KERRY

Senator Kerry Question 1

Question: Assistant Secretary of Labor Thomas Komarek, in testifying before a Congressional committee concerning the elimination of three regional offices of the Department of Labor, said in his opening statement that the DOL would realize savings of about $10 million a year after initial adjustment costs associated with the "reduction in force". Do you have any statistical information that shows how this number was arrived at? If not, would you be willing to supply me with that information when it becomes available?

Answer: Savings from the Small Region Initiative are arrived at as follows:

Eliminate 196 positions at $46,200 ..	$9,055,200
Associated space and administrative savings.....	475,000
Equipment (primarily ADP) savings....	500,000
Operating savings	$10,030,200

In addition, the Treasury would also save about a $1,000,000 per year in reduced interest costs as a result of this savings.

Senator Kerry Question 2

Question: In response to a letter signed by ten New England Senators, David Stockman noted that advances in communications are one of the reasons that the regional office structure as it exists is unnecessary. Do you share this sentiment and will you advocate further reductions of regional offices?

Answer: I agree with OMB Director David Stockman that advances in communication techniques may make it possible to streamline existing regional organizational structures. As I indicated in my testimony, however, I plan to reexamine the specifics of the Department of Labor's Small Region Initiative proposal after I am confirmed.

Senator Kerry Question 3

Question: I have been informed that there is a possibility that Kansas City Regional Office of DOL might be dropped from the group of smaller offices that OMB has requested be eliminated. Do you know of any plan along those lines?

Answer: There are no plans to drop the Kansas City Region from the Department's Small Region Initiative. The three small Labor Department regions (Boston, Kansas City, and Seattle) are being treated consistently in all Labor Department Small Region Initiative plans.

Kerry

Q. The recent catastrophe in Bhopal and the lingering problems of asbestosis have highlighted the government's failure so far to deal with the problems of liability not only in sudden accidents, but also in longer latency occupational diseases. Realizing the difficulties in finding simple answers to complex problems, do you know of any strategy to deal with these problems - problems where the costs of inaction may soon exceed the costs of immediate action?

A. It is clear from experience in the Black Lung Program that the administration and funding of a compensation scheme for victims of diseases arising out of occupational exposure can be a complex and expensive undertaking. Originally projected to cost no more than $100 million for its total life, the Black Lung Program today is responsible for compensation and medical bill payments in excess of $1 billion per year. Clearly, therefore, any strategy for assessing liability for a range of occupational diseases must be developed slowly and carefully, with appropriate recognition of the workers' compensation schemes existing in all fifty states.

[Note: The Administration has taken the position in litigation arising out of asbestos exposure that the U.S. Government does not share the manufacturer's or employer's liability.]

Kerry

¶. Q: A recent OTA (Office of Technology Assessment) report entitled "Preventing Illness and Injury in the Workplace" details many flaws in OSHA's management of worker health and safety and offers some solutions to the problems. What plans do you have to implement the recommendations of the OTA report?

Response: The OTA report, "Preventing Illness and Injury in the Workplace" is an exhaustive study over 400 pages in length. It took several years to complete and contains many innovative ideas which we will be carefully exploring in the months come. In our judgment, the report does not detail "many flaws in OSHA's management of worker health and safety," but rather sets forth the structural difficulties inherent in the control of job-related safety and health problems in this country.

Thirty-one options are offered for consideration in helping prevent illness and injury in the workplace. Most of the options are directed to the Congress. Several recommendations, such as increases in funding levels and use of national tax policies to provide a more favorable climate for occupational safety and health, are of course Congressional prerogatives. Of the fourteen or so recommendations for changes in OSHA's policies and programs, many are already under active consideration or are being implemented. For example one of OSHA's FY '85 objectives calls for expansion of voluntary protection programs, as do options 16 and 17 of the OTA report. Another example is found in options 21 and 22 of the study, which call for generic standards and a negotiated rulemaking process. OSHA is now proceeding to improve its standard-setting process along these lines. The recently published Hazard Communication Standard, which goes into full effect in May 1986, represents a landmark change in the way OSHA has promulgated standards in the past, and will offer protection to workers from exposures to more than a hundred thousand substances.

OSHA will be studying all the other recommended options, such as the development of a data base on "real-world" effectiveness of personal protective equipment (option 9) and a requirement for a minimum level of health and safety training for all workers (option 11). I will be in close touch with the Committee when we have completed our review of the OTA study.

Kerry

Question: In Massachusetts, we have a very successful Employment and Training Choices Program which is funded to a significant degree by Federal Work Incentive (WIN) programs dollars. To date, the ET CHOICES program has placed over 14,000 AFDC recipients into jobs and welfare caseloads now stand at their lowest level in 12 years. An important feature of this successful effort has been the coordination with JTPA system and the Employment Service. In light of the Administration's proposal to terminate WIN and severely reduce funding for the Employment Service, what initiatives will your department undertake to help the hard-to-employ achieve economic self sufficiency?

Answer: It is my understanding that the Training Choices Program is one of a series of WIN demonstration projects involving AFDC recipients that is administered by the Department of Health and Human Services. The Administration does not propose to continue funding WIN because it duplicates to a large extent the kinds of training and employment activities that are allowable under other Federal programs. The Administration is proposing instead a new approach which will require that States continue to carry out work registration and other work related activities using the resources of the Social Services Block Grant and the Job Training Partnership Act (JTPA) programs.

The major purpose of JTPA is to help the hard-to-employ achieve economic self sufficiency by providing them with the skills to gain entry into the labor force. JTPA is supplemented by other programs administered by the Department which help the hard-to-employ, including the Employment Service, and the Senior Community Service Employment Program. As I stated at the hearing on my nomination, I will be reviewing all of the programs administered by the Department to determine if we are using our resources in the most effective way possible.

Kerry

QUESTION:

Have you considered the possibility that a state's unemployment rate can mask a high turnover of jobs within that state? It is quite possible that one reason that states like Massachusetts have such a low rate of unemployment is that their job matching centers are doing a great job of re-employing people as they move from one job to another. Would you support efforts for the Department of Labor to study this problem in detail?

ANSWER:

I agree that the unemployment rate does not shed any light on the rate of turnover. Further, it is certainly plausible, as you state, that an effective labor exchange will lower the rate of unemployment. Before committing to further analysis of these relationships, however, I will want to know what has been done to date and to consider the benefits of new work relative to the other demands on the Department's research and evaluation resources.

QUESTION:

One of the problems in considering the value of different employment services is that there exists an assumption that those services only benefit the unemployed. However, in periods of high employment, such as currently exist in Massachusetts, we have employers who are experiencing shortages of workers. Our job matching centers actually aid employers by recruiting workers. Are you aware of any consideration being given to the adverse impact that closing these job centers and reducing employment services might have on employers?

ANSWER:

Clearly, to the extent that the Employment Service is effective it benefits both jobseekers and employers. As you point out, when labor markets are tight the Employment Service can assist employers in obtaining skilled workers. Although I am not aware of what is currently under review, in my consideration of the implications of proposals relating to the Employment Service, I will take account of their potential impacts on both jobseekers and employers.

Kerry

QUESTION:

If the Administration's plan is enacted, it will probably result in the closing of Massachusetts' 37 Job Matching Centers. Has the Administration done any kind of analysis of the costs associated with phasing out employment services nationwide? Perhaps more importantly, what happens if unemployment should subsequently increase? Would you then request funds to re-open job matching centers in states that began to re-experience rising unemployment?

ANSWER:

To my knowledge, there is no proposal to phase out employment services nationwide and, therefore, the Administration has not analyzed the costs of such an action. As I noted earlier, the changes proposed in the budget compromise do not necessarily imply the consequences you project. By taking full advantage of the flexibility available to the states, through improved delivery systems and increased coordination, these shifts should be possible while services to those who require them continue.

In a broader context, as indicated in the President's Budget for Fiscal Year 1986, the Administration is considering with the States proposals to increase the State role in the administration and financing of the unemployment insurance system. Proposals in this sphere will, very clearly, have implications for the Employment Service, which is largely financed from revenues collected under the Federal Unemployment Tax Act. In the context of this broader review, we will certainly focus on the counter-cyclic aspects of the system to which you refer.

It is my intention to confer with interested members of the Congress, including this Committee, during the development of our proposals.

Kerry

QUESTION:

The latest budget compromise includes a provision to reduce the funding for the Employment Service. Apparently the Administration had proposed maintaining these funds, but the Senate Republicans proposed reducing them by as much as one third and retargeting the remaining monies to those states with the highest unemployment rates. If the Employment Service's funds are cut it could force states with low unemployment rates, such as my home state, to close its Job Matching Centers and curtail other employment services. What is your position on this subject and what do you intend to pursue budgetarily in this area?

ANSWER:

The proposal to redirect and reduce funding for the Employment Service emerged in the Budget Committee's recommendations. It is, as I understand it, intended to improve the targeting of services, while supporting the general objective of reducing the Federal deficit.

Options to implement the proposal are currently under study and, therefore, it is still too early to speculate about its implications for Job Matching Centers, or any other Employment Service activity. We need to remember that the Employment Service is funded on a program year (July through June) cycle with an advance appropriation; as a result, the proposed changes would not become effective until July 1986--fourteen months hence. This will provide sufficient lead time to the system to assess how to accommodate the proposal in ways that will assure services to those who require them.

INTERNATIONAL BROTHERHOOD OF TEAMSTERS
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OFFICE OF
JACKIE PRESSER
GENERAL PRESIDENT

April 24, 1985

The Honorable Orrin G. Hatch
Chairman
Committee on Labor & Human Resources
Senate Dirksen Office Building
Room 428
Washington, D.C. 20510

Dear Mr. Chairman::

Re: Nomination of Ambassador William E. Brock
for Secretary of the Department of Labor

On behalf of the nearly two million Teamster members, the over 385,000 Teamster retirees, the 14,000 International Brotherhood of Teamsters employees, the 7,300 International Brotherhood of Teamsters officers and officials, and the International Brotherhood of Teamsters General Executive Board, I respectfully submit the enthusiastic endorsement of our great union for Ambassador William E. Brock to serve as Secretary of the Department of Labor.

Teamsters everywhere wholeheartedly believe that Ambassador Brock's long and outstanding career of government service will enable him to serve the working men and women of this great country. Therefore, Mr. Chairman, we urge you and the members of this Committee to support Ambassador Brock's nomination.

Thank you for your consideration in this matter.

Sincerely yours,

Jackie Presser
General President

JP:lgj

cc: Senator Robert T. Stafford
Senator Dan Quale
Senator Don Nickles
Senator Paula Hawkins
Senator Strom Thurmond
Senator Lowell P. Weicker, Jr.
Senator Malcolm Wallop
Senator Charles E. Grassley
Senator Edward M. Kennedy
Senator Claiborne Pell
Senator Howard M. Metzenbaum
Senator Spark M. Matsunaga
Senator Christopher J. Dodd
Senator Paul Simon
Senator John F. Kerry
David A. Sweeney
Paul R. Locigno

The CHAIRMAN. We will recess this committee until further notice.

[Whereupon, at 11:45 a.m., the committee was adjourned.]

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